



PERFORMANCE SECTION



INTRODUCTION TO THE PERFORMANCE SECTION

In fiscal year (FY) 2008, the Department accomplished its mission through three strategic goals and an overarching management integration goal that articulate long-term outcomes, as well as performance outcomes that represent shorter-term outcomes and priorities. Performance outcomes include specific targets designed to achieve specific performance results within a given fiscal year.

The Performance Section of the report is composed of subsections for each of the strategic goals and is organized in the following manner:

SUBSECTION	PURPOSE
Strategic Goal	Overall summary of the strategic goal.
Strategic Objective	Overall summary of outcomes, program obligations, and performance outcomes that fall under each objective. The information contained in the objective provides the performance outcomes and the activities associated with them. Discussions of the Strategies, Plans, and Challenges for the Future for the strategic objective conclude the section.
Performance Outcome	Performance Outcome Description and Achievements. The information contained in each performance outcome is designed to provide the reader with the overall achievements of the performance outcome.

Within each Strategic Goal section, there are summary charts that provide the historical trend data for financial obligations and full-time equivalents (FTE) resources, and overall performance results. At the beginning of each strategic goal section and each objective section is a table summarizing the performance outcomes. In the description of each performance outcome is a performance table (with shaded status cells) that shows the status of the performance measures associated with that outcome: exceeded (more than 125 percent of target), met (100 to 124 percent), slightly below target (95 to 99 percent) and not met (below 95 percent of target). Status cells for exceeded measures are shaded blue; met, green; slightly below, yellow; and not met, red. In addition, a new category, "improved, but not met," has been added for FY 2008. Status cells for this category are shaded orange, with this category applying to any year in which the actuals for the given year are better than the previous year, but the target still was not met. All dollar amounts shown are in millions, unless otherwise indicated.

Historical details on each performance result are located in Appendix A, which provides individual measurement results and descriptions of actions to be taken if the measure does not achieve positive results. It includes explanations and strategies to address performance deficiencies. A list of program evaluations, inspections, and audits can be found at <http://www.osec.doc.gov/bmi/budget/>.



STRATEGIC GOAL 1



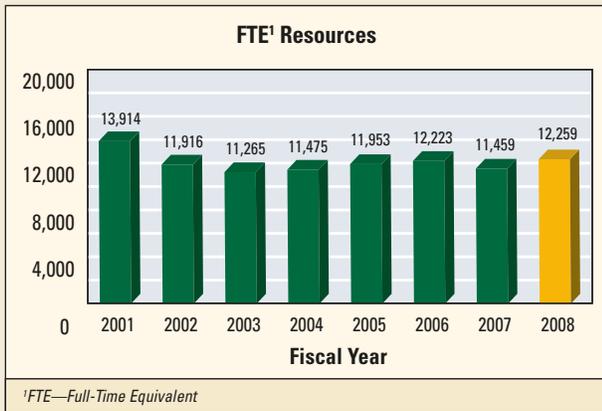
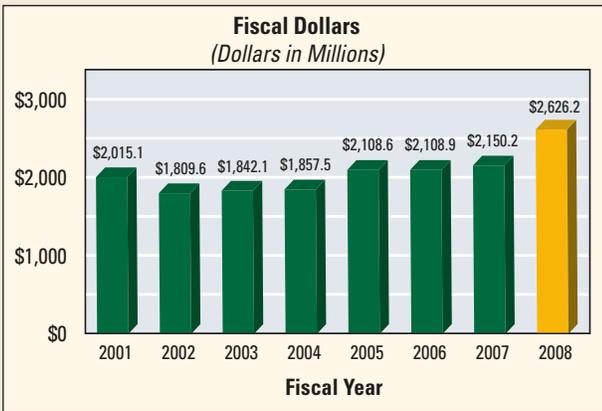
PERFORMANCE OUTCOME	TARGETS MET OR EXCEEDED
Promote private investment and job creation in economically distressed communities (EDA)	6 of 6
Improve community capacity to achieve and sustain economic growth (EDA)	5 of 6
Strengthen U.S. competitiveness in domestic and international markets (ITA)	3 of 4
Increase exports to commercially significant markets including FTA countries, China, and India (ITA)	1 of 2
Broaden and deepen U.S. exporter base (ITA)	4 of 6
Increase access to the marketplace and financing for minority-owned businesses (MBDA)	4 of 4
Identify and resolve unfair trade practices (ITA)	5 of 5
Maintain and strengthen an adaptable and effective U.S. export control and treaty compliance system (BIS)	7 of 7
Integrate non-U.S. actors to create a more effective global export control and treaty compliance system (BIS)	0 of 1
Ensure continued U.S. technology leadership in industries that are essential to national security (BIS)	1 of 1
Provide benchmark measures of the U.S. population, economy, and governments (ESA/Census)	1 of 3
Provide current measures of the U.S. population, economy, and governments (ESA/Census)	2 of 2
Provide timely, relevant, and accurate economic statistics (ESA/BEA)	6 of 6
Raise the productivity and competitiveness of small manufacturers (NIST)	4 of 4



STRATEGIC GOAL 1

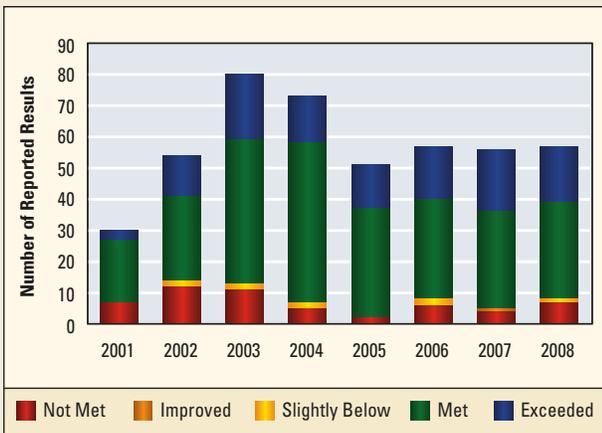
Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers

STRATEGIC GOAL 1 TOTAL RESOURCES



The Department is committed to opening and expanding foreign markets for U.S. goods and services and improving the Nation's export performance. The International Trade Administration (ITA) promotes U.S. export growth through the implementation of the Trade Promotion Coordinating Committee's (TPCC) National Export Strategy, ensuring that policies and priorities are consistent with national security and U.S. foreign policy objectives. The Department enhances cooperation with its partnership organizations so that U.S. businesses benefit from global business through free market trade negotiations and through identified priority markets. The Department continues to focus on fostering a level playing field for U.S. firms through development of trade policy positions, advancement of negotiating positions, and effective execution of U.S. trade laws intended to curb and combat predatory trading practices such as dumping and subsidies.

STRATEGIC GOAL 1 PERFORMANCE RESULTS



See Appendix A: Performance and Resource Tables for individual reported results.

The Bureau of Industry and Security (BIS) ensures that export controls do not unduly disadvantage U.S. firms in world markets by eliminating outdated controls and streamlining the process for obtaining export licenses for products that remain under export controls. These continual improvements are being made while being mindful of the dual-use nature of some commercial technologies and the national security implications of those technologies.

The Economics and Statistics Administration (ESA), composed of the Census Bureau and the Bureau of Economic Analysis (BEA), provides decisionmakers with timely, relevant, and accurate economic and statistical information related to the U.S. economy and population with the Department at the forefront of national efforts to continually improve these statistics. The Census Bureau provides current and baseline population information that affects everything from redistribution of Congressional seats to the distribution of federal funds. In addition, the Department seeks to understand the strength and direction of the economy as well as the determinants of growth as the Nation shifts to more knowledge-based and skill-based industries. Through investments in the improvement of the accuracy of gross domestic product (GDP) and international trade in goods and services measures by BEA, the Department can supply the economic statistics essential to sound business forecasting and monetary policy.

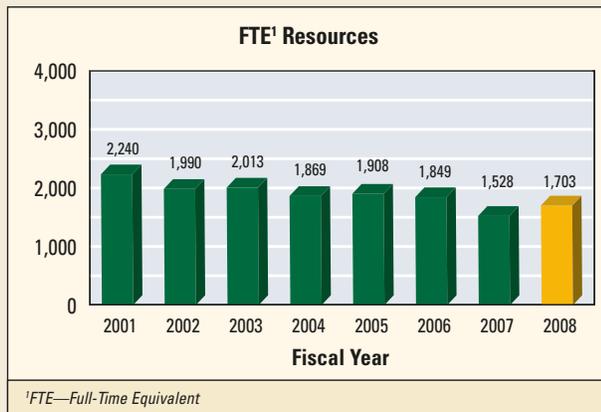
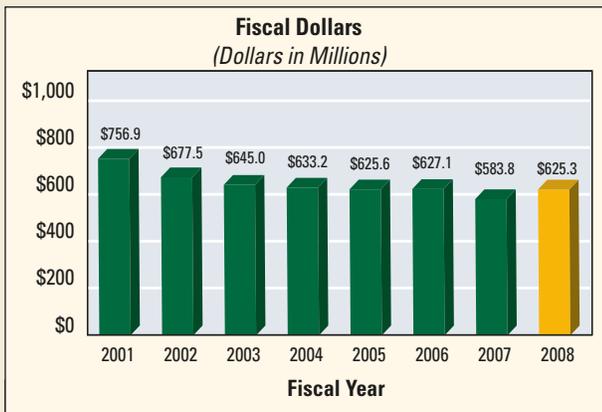
In support of disadvantaged individuals and communities, the Economic Development Administration (EDA) promotes private enterprise and job creation in economically distressed communities and regions by investing in projects that produce jobs and leverage private capital investment. Likewise, the Minority Business Development Agency (MBDA) promotes private enterprise and investment within minority communities.

In support of manufacturing against a backdrop of coping with accelerating technological change and global competition, the National Institute of Standards and Technology (NIST), through the Hollings Manufacturing Extension Partnership (MEP) program's nationwide network of manufacturing centers, helps smaller firms adopt new and advanced manufacturing and management technologies and innovative business practices to position them to compete in the global economy.

STRATEGIC OBJECTIVE 1.1

Foster domestic economic development as well as export opportunities

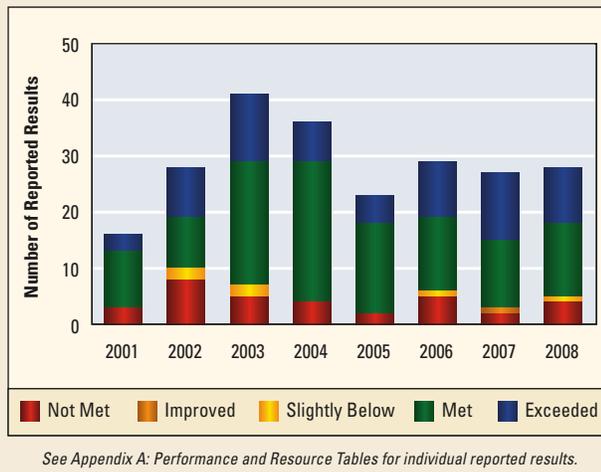
STRATEGIC OBJECTIVE 1.1 TOTAL RESOURCES



This objective focuses on increasing private enterprise and job creation in economically distressed communities and regions, improving community capacity to achieve and sustain economic growth, increasing trade opportunities for U.S. firms to advance U.S. international commercial and strategic interests, expanding the U.S. exporter base, improving the U.S. competitive advantage through global e-commerce, and increasing opportunities and access for minority-owned businesses to the marketplace and financing. EDA, ITA, and MBDA all support this objective.

Performance Outcome: Promote private investment and job creation in economically distressed communities (EDA)

STRATEGIC OBJECTIVE 1.1 PERFORMANCE RESULTS



EDA tracks the amount of private investment generated and jobs created or retained as a result of EDA investments at three, six, and nine-year intervals following the award. The following table shows the targets and actuals for the amount of private investment generated and jobs created or retained for funding provided in FY 1999, FY 2002, and FY 2005. Preliminary data collected for investments made in FY 1999, FY 2002, and FY 2005 indicate that these EDA investments have helped generate more than \$6.6 billion in private sector investment and create and retain 103,239 jobs.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Private investment leveraged – 9 year totals (in millions)	\$2,080	\$4,173	Exceeded
Private investment leveraged – 6 year totals (in millions)	\$970	\$1,393	Exceeded
Private investment leveraged – 3 year totals (in millions)	\$270	\$1,013	Exceeded
Jobs created/retained – 9 year totals	56,900	57,701	Met
Jobs created/retained – 6 year totals	28,900	30,719	Met
Jobs created/retained – 3 year totals	7,227	14,819	Exceeded

RESULTS

EDA met or exceeded all of the targets for this outcome.

An EDA investment of \$1.5 million in the Keystone Hotel business incubator in McCook, NE, is assisting the nurturing of entrepreneurs and incubation of new businesses in a rural region of southeastern Nebraska where economic diversification is badly needed. In addition to its direct economic benefits, the EDA award is funding half of the cost of renovating the historic Keystone Hotel. An initial estimate indicates it has exceeded its private investment and job creation forecasts of \$24.8 million and 52 jobs respectively, and was consistent with the region's Comprehensive Economic Development Strategy (CEDS). Most importantly, the investment addressed EDA's investment funding priorities by promoting regionalism and entrepreneurship. The Keystone project allows the expansion of 21st Century Systems, a software application firm now operating on the McCook Community College campus and will also house the McCook Entrepreneurship Center, a full-service support program for entrepreneurs which offers resources and support for startup businesses.

Performance Outcome: Improve community capacity to achieve and sustain economic growth (EDA)

EDA continues to build upon partnerships with local development officials: Economic Development Districts (EDD); University Centers; faith-based and community-based organizations; and local, state, and federal agencies. Through these partnerships, EDA supports local planning and long-term partnerships with state and regional organizations that can assist distressed communities with strategic planning and investment activities. This process helps communities set priorities, determine the viability of projects, and leverage outside resources to improve the local economy to sustain long-term economic growth. EDD funding supports local officials to develop or revise and implement their CEDS. The CEDS is a long-term strategic plan for the economic growth of the region, and communities therein, that identifies projects that will attract private investment and create and retain higher-skill, higher-wage jobs, particularly for the unemployed and underemployed in the Nation's most economically distressed regions. EDA's 11 Trade Adjustment Assistance Centers (TAAC) provide technical assistance to manufacturers and producers that have lost employment, sales, or production due to increased imports of competitive goods. The goal of the technical assistance is to assist these U.S. companies to become more competitive in the global economy.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Percentage of economic development districts (EDD) and Indian tribes implementing economic development projects from the comprehensive economic development strategy (CEDS) that lead to private investment and jobs	95%	92%	Slightly Below
Percentage of sub-state jurisdiction members actively participating in the economic development district (EDD) program	89-93%	90%	Met
Percentage of University Center clients taking action as a result of the assistance facilitated by the University Center	75%	80%	Met
Percentage of those actions taken by University Center clients that achieved the expected results	80%	84%	Met
Percentage of Trade Adjustment Assistance Center (TAAC) clients taking action as a result of the assistance facilitated by the TAACs	90%	92%	Met
Percentage of those actions taken by Trade Adjustment Assistance Center clients that achieved the expected results	95%	95%	Met

RESULTS

EDA met all but one target for this outcome. The actual for the first measure was impacted by an unusually high number of non-reporting Tribes and EDDs. EDA's regional offices are working with those entities to increase their response rate in the future.

Trade Adjustment Assistance for Firms (TAAF) funds technical assistance for U.S. manufacturers seeking to be globally competitive. As recently reported in the *Wall Street Journal*, baseball had been good to Roman Art Embroidery Corp., a company that makes caps for sports fans. Then came the foreign competition, and the manufacturer was hopelessly undercut. "Imports were burying us," said Robert Mazzola, president of the Brockton, MA company. Needing advice, Roman Art turned to the New England TAAC, one of 11 government funded organizations around the country that help companies devise ways to survive against imports. The center and the consultants it retained worked together with Roman Art to develop an entirely new specialty, something foreign competition would have a harder time invading. The solution: go into vintage baseball caps. Relying partly on its own archives, Roman Art now reproduces nostalgia treasures such as caps of the 1946 Dodgers and the 1927 Yankees. By next year, sales of the vintage caps will exceed "the best sales we ever had with the old product line," Mr. Mazzola said. "Without the help, we would have been forced out of the field," he added.

Performance Outcome: Strengthen U.S. competitiveness in domestic and international markets (ITA)

The Manufacturing and Services (MAS) unit of ITA is dedicated to enhancing the global competitiveness of U.S. industry, expanding its market access and increasing its exports. MAS industry experts and economists perform strategic research and analysis in order to shape and implement trade policy, create conditions that encourage innovation, lower the cost of doing business, and promote U.S. economic growth.

MAS strives to:

- Support U.S. industry's global competitiveness through critical analysis of domestic regulations, legislation, trade policy development, and negotiations;
- Ensure U.S. industry input into the interagency trade policy, regulatory, and promotion process;
- Analyze trade data and economic policy to support trade negotiations and bilateral and multilateral discussions;
- Work with industry and government agencies to reduce costs of regulation and other government policies.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Annual cost savings resulting from the adoption of Manufacturing and Services (MAS) recommendations contained in MAS studies and analysis	\$350M	\$497M	Exceeded
Percent of industry-specific trade barriers addressed that were removed or prevented	15%	29%	Exceeded
Percent of industry-specific trade barrier milestones completed	55%	73%	Exceeded
Percent of agreement milestones completed	100%	0%	Not Met

RESULTS

ITA exceeded three of the four targets. It did not meet the target for the fourth measure because the Administration chose to suspend work on the two agreements ITA was working on.

MAS continues to focus on analysis that evaluates key aspects of competitiveness. The program maintains efforts to assess the impact of regulations on competitiveness and currently is advancing issues related to six major rules from the Environmental Protection Agency (EPA), the Occupational Health and Safety Administration (OSHA), the Department of Transportation (DOT), and the Department of Justice (DOJ). Cost savings to industry this year amount to \$497 million.

The MAS program advanced a key initiative related to sustainable manufacturing during this past year. Sustainable manufacturing practices in the United States have become increasingly popular in recent years as companies look for new ways to make more efficient use of resources, ensure compliance with domestic and international regulations related to environment and health, and enhance the marketability of their products and services. As the trend towards sustainable manufacturing practices grows, so does its implications for U.S. global competitiveness and firm profitability.

Evidence has shown that firms incorporating both environmentally and economically sustainable manufacturing processes can gain competitive advantages in that they reap inherent cost savings (i.e. improving their energy efficiency, minimizing raw materials usage, etc.) while at the same time reap societal benefits for being good stewards of the environment. Many U.S. firms have demonstrated that being environmentally sustainable can also mean being profitable.

In order to offer effective and continued support to U.S. companies in their sustainable manufacturing efforts, MAS launched a Sustainable Manufacturing Initiative and Public-Private Dialogue that aims to (1) identify U.S. industry's most pressing sustainable manufacturing challenges, and (2) coordinate public and private sector efforts to address these challenges.

Performance Outcome: Increase exports to commercially significant markets including FTA countries, China, and India (ITA)

ITA has sought to open up large, developing markets like China and India. Exports to both of these markets are significant. During this past year, China became the second largest export market for the United States and exports to India grew at more than 32 percent over last year. These two countries are high priority markets and ITA maintains its focus through trade missions, targeted dialogues to enhance commercial opportunities, and provision of business counseling to help U.S. companies in these fast-growing, but often challenging markets.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Percent of imports by China that are exported from the United States	7.5%	7.7% ¹	Met
Percent of imports by India that are exported from the United States	5.5%	4.9% ¹	Not Met

¹ Estimate. Actual will be available in December 2008.

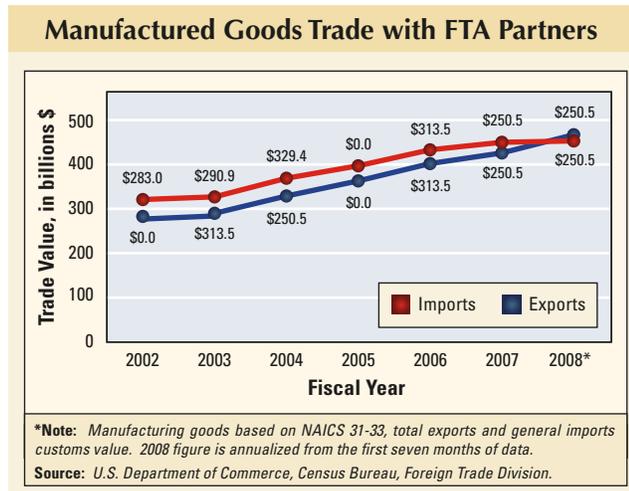
RESULTS

ITA met one of two targets.

For the first time, the U.S. trade balance in manufactured goods with its 14 free trade agreement (FTA) partners is in a surplus. In the first five months of 2008, the trade balance in manufactured goods with U.S. FTA partners rose to a \$2.7 billion surplus, from a \$12.3 billion deficit during the same period last year.

This improvement in the trade balance is due to the increasing competitiveness in FTA markets of U.S. manufactured goods. Since 2002, FTAs have helped U.S. manufactured exports grow steadily, and at a faster rate than imports. Year-to-date through May 2008 (when compared to the same period of 2002), U.S. manufactured exports to FTA countries have grown 63 percent, compared to only 42 percent growth in imports.

The U.S. trade balance in manufactured goods improved with all U.S. FTA partners year-to-date through May 2008, except Israel (when compared to the same period of 2007). Nearly half of the \$15.0 billion trade balance improvement was due to increasing exports to North American FTA (NAFTA) partner Canada. With Canada alone, the United States went from a \$1.8 billion deficit in manufactured goods year-to-date 2007 to a \$5.3 billion surplus in the same period of 2008. The U.S. trade balance in manufactured goods also improved significantly with FTA partners Singapore (up \$3.0 billion year-to-date), Chile (up \$2.0 billion), and Australia (up \$1.3 billion).



Performance Outcome: Broaden and deepen U.S. exporter base (ITA)

The health of the U.S. economy depends on U.S. small and medium-sized enterprises (SME). ITA continues to focus on this base because 97 percent of all U.S. exporters are SMEs. Many of these firms have also been successful in doing business in countries that have recently negotiated FTAs with the United States. The Commercial Service program seeks to create a supportive environment in which all U.S. firms, including SMEs, can flourish. In order to achieve this, the Commercial Service seeks to increase export opportunity awareness among U.S. companies by identifying potential exporters who need assistance; leveraging electronic and traditional media; enhancing relationships with customers; and developing alliances and partnerships with state, local, and private partners to deliver export assistance. The Commercial Service helps U.S. companies take advantage of world market conditions to find new buyers around the world. A growing list of FTAs provides price and market access benefits. ITA offers four ways to help U.S. firms grow their international sales by: (1) providing world-class market research, (2) organizing trade events that promote products or services to qualified overseas buyers, (3) arranging introduction to qualified buyers and distributors, and (4) offering counseling through every step of the export process.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Number of export successes made as a result of ITA involvement	11,385	12,659	Met
Number of new-to-market (NTM) export successes	4,760	3,627	Not Met
Number of increase-to-market (ITM) export successes	5,925	8,606	Exceeded
Number of new-to-export (NTE) successes	700	426	Not Met
Dollar value of advocacy cases completed successfully (based on a three-year moving average)	\$30.0B	\$30.1B	Met
Commercial diplomacy success (cases) (annual)	160	181	Met

RESULTS

ITA met or exceeded three of six targets. ITA is shifting its emphasis to "increase-to-market" successes, thus, it missed the targets for "New-to-market" and "New-to-export" successes;

In 2008, the Department continued to expand its outreach to strategic partners, including U.S. cities and states, corporate partners, and trade associations. The Commercial Service is incorporating states' course content and participants in trade specialist training programs. The Commercial Service increased the number of corporate partners from six in 2007 to 12 in 2008, including TD Commerce Bank, the U.S. Postal Service, City National Bank, Baker & McKenzie, Zions Bank, and Comerica Bank. These partners join Commercial Service's ongoing partnerships with FedEx, UPS, PNC Bank, M&T Bank, eBay, and Google. In 2008, the Commercial Service maintained active cooperation with the District Export Councils and instituted an Associations Bulletin on Commercial Service activities.

In 2008, the Commercial Service helped generate over 12,000 export successes worth billions of dollars in U.S. export sales, including firms that (1) exported for the first time, (2) entered a new market, or (3) increased their market share in an existing market.

Performance Outcome: Increase access to the marketplace and financing for minority-owned businesses (MBDA)

MBDA's strategic programs and management objectives have been aligned to successfully execute its tasks and assignments. A large measure of its continued success has been a result of the performance of its national network of funded projects and the support provided by its regional staff.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Dollar value of contract awards obtained (billions)	\$0.90	\$0.91	Met
Dollar value of financial awards obtained (billions)	\$0.50	\$0.94	Exceeded
Number of new job opportunities created	3,000	4,603	Exceeded
Percent increase in client gross receipts	6.0%	6.0%	Met

RESULTS

MBDA met or exceeded all of its targets.

In 2008, MBDA met its targets for contract awards and financial packages obtained for minority business enterprises (MBE). Over \$1.8 billion in combined transactions were obtained for minority firms. Much credit is given to the Agency Strategic Growth Initiative (SGI) established by the Agency to attract mid-to-large minority firms capable of competing for larger contract awards. This had a direct impact on new jobs created within minority communities and wealth creation nationwide. MBDA exceeded new jobs created by 53 percent, totaling over 4,600.

This past year MBDA continued to fund four centers in the Gulf Coast region (New Orleans (2), Mobile, and Biloxi) to support the Department and the Katrina recovery effort. MBDA also maintained a temporary district office in New Orleans to oversee Gulf operations and respond to needed services for minority clients. MBDA continued its strategic partnerships and alliances with other federal agencies, such as the Federal Emergency Management Agency (FEMA), the U.S. Army Corps of Engineers, the Department of Homeland Security (DHS), Small Business Administration (SBA), and the Department of Housing and Urban Development (HUD); with state governments, such as Louisiana, Mississippi, and Alabama; with private organizations, such as the Kauffman Foundation, Microsoft, and Lockheed Martin; and finally with national Chambers of Commerce, to include the National Urban League, the U.S. Hispanic Chamber of Commerce, and the National Black Chamber of Commerce. These organizations have provided opportunities, mentoring, training, and other business services to support MBDA program objectives.

MBDA continued to focus on communities requiring immediate assistance and targeted its strategic goals to ensure the most effective allocation of resources to obtain performance results. Business-to-Business (B2B) events attract ready-to-grow minority firms eager to form joint ventures and partnerships to compete for larger prime procurement opportunities in critical areas.

STRATEGIES, PLANS, AND CHALLENGES FOR THE FUTURE

EDA targets assistance to projects that can provide direct and lasting benefits to economically distressed communities and regions. EDA programs are not intended to work alone, but to increase the availability of outside capital (both public and private) for sustainable development strategies to create and retain private enterprise and jobs in economically distressed areas. EDA's strategies include strengthening local, state, and sub-state partnerships to assess and respond to long-term economic trends, sudden and severe dislocations, and emergencies; establishing flexible program and funding authorities that respond to local priorities; developing partnerships with other federal agencies to improve assistance for distressed communities; and working directly with those communities to achieve long-term development objectives and address sudden and severe economic dislocations.

By generating U.S. exports, ITA supports the development of a stronger market-oriented economic system in areas of the world, contributing both to U.S. economic goals and global stability. ITA supports the President's economic program of export expansion by reasserting leadership in international trade through negotiations, through compliance, and by seeking the removal of nontariff trade barriers. ITA assists in the development of commercial infrastructure in target markets such as China, Turkey, Brazil, India, and through the 14 FTAs.

While contributing to the success of U.S. workers and firms, ITA has led the federal government's export assistance programs at large. The success of the National Export Strategy has depended on ITA's ability to leverage public and private partners to serve more SMEs. Large portions of ITA's resources are directed toward ensuring that U.S. SMEs, service industries, and manufacturers can compete and win in the global economy. With the help of partner organizations ITA has been able to raise general awareness and provide individual companies the help they need to realize their export potential.

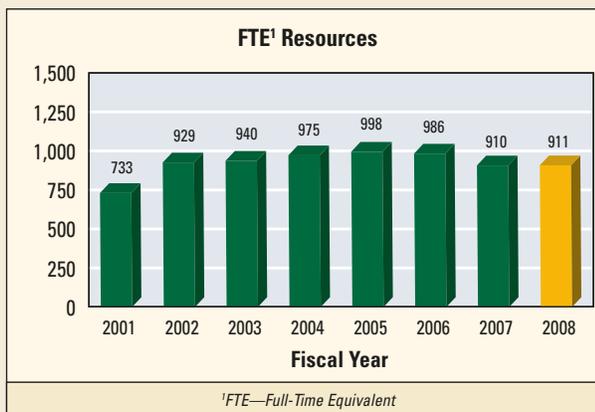
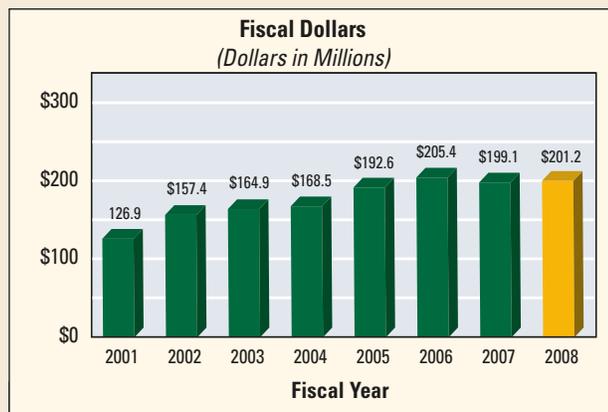
Domestic and international economic conditions affect ITA's success in achieving the outcome "to broaden and deepen the U.S. exporter base." Economic shocks in foreign markets and exchange rate fluctuations can affect U.S. exports and demand for U.S. products. The cooperation of other TPCC member agencies affects the level of services provided to SMEs.

MBDA's challenges include: maintaining a high return on investment (ROI) for its performance measures, encouraging large corporate organizations to sponsor B2B events and open new opportunities to support their supply chain, identifying new SGI minority firms ready to grow and participate in competitive events, and improving the MBDA American Customer Satisfaction Index (ACSI) score. Through its knowledge management efforts, MBDA will ensure that data and information concerning minority business development continue to be published and communicated.

STRATEGIC OBJECTIVE 1.2

Advance responsible economic growth and trade while protecting American security

STRATEGIC OBJECTIVE 1.2 TOTAL RESOURCES

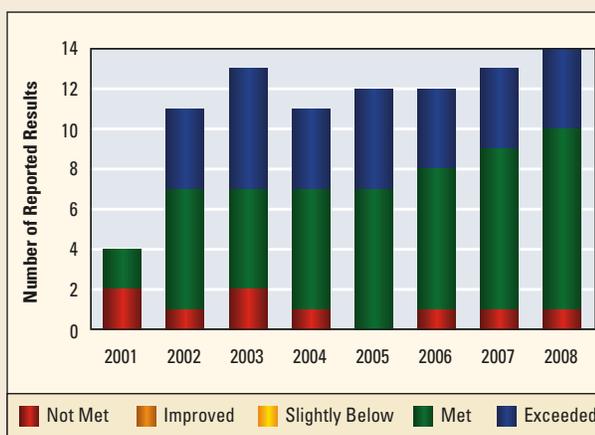


Supported by ITA and BIS, this objective focuses on the following tasks:

- Ensuring fair competition in international trade;
- Advancing U.S. national security and economic interests by enhancing the efficiency of the export control system;
- Preventing illegal exports;
- Identifying violators of export prohibitions and restrictions for prosecution;
- Enhancing the export and transit control systems of nations that lack effective control arrangements;
- Ensuring U.S. industry compliance with the Chemical Weapons Convention (CWC) Agreement; and,
- Undertaking a variety of functions to support the viability of the U.S. defense industrial base.

ITA supports the President's foreign policy goals to promote freedom and liberty through free and fair trade, while expanding profitable markets for U.S. goods and services. ITA works extensively with U.S. businesses on a regular basis to help them understand U.S. trade laws related to dumping and foreign government subsidies. The Department takes appropriate actions it identifies as violations. The Unfair Trade Practices Team in ITA's Import Administration (IA) tracks, detects, and confronts unfair competition by monitoring economic data from U.S. global competitors and vigorously investigates evidence of unfair subsidization and production distortions.

STRATEGIC OBJECTIVE 1.2 PERFORMANCE RESULTS



See Appendix A: Performance and Resource Tables for individual reported results.

Dual-use items, subject to the Department's regulatory jurisdiction, have predominantly civilian uses, but could also have conventional military, weapons of mass destruction (WMD), and terrorism-related applications. BIS administers the dual-use export control system by (1) writing and promulgating regulations, (2) processing license applications, (3) enforcing adherence to U.S. law and regulations, (4) conducting outreach to exporters, (5) strengthening the export control systems of other countries, (6) assessing the viability of key sectors of the defense industrial base, and (7) assuring the timely availability of industrial resources to meet national defense and emergency preparedness requirements. Further information on these tasks is available on www.bis.doc.gov/news/index.htm#annual.

Performance Outcome: Identify and resolve unfair trade practices (ITA)

U.S. industries are entitled to the benefits of trade agreements negotiated by the United States. They are also entitled to the aggressive investigation of unfair trade practices that undercut those agreements. Two program units in ITA, Market Access and Compliance (MAC) and IA, work to ensure that the U.S. firms receive those benefits and obtain prompt relief from unfair trade practices. Trade compliance with negotiated trade agreements and access to foreign markets are existing problems faced by U.S. businesses that choose to sell their products overseas.

IA administers, in conjunction with the U.S. International Trade Commission, antidumping (AD) and countervailing duty (CVD) laws to ensure compliance of foreign governments and exporters with AD/CVD sections of international trade agreements and applicable U.S. statutes. IA also shares responsibility with USTR in World Trade Organization (WTO) rules negotiations, WTO dispute settlement proceedings challenging IA decisions, and subsidy enforcement activities. Although IA's primary function is to administer AD and CVD cases, IA also assists U.S. exporters with foreign unfair trade cases, and operates the Steel Import Monitoring and Analysis (SIMA) system.

MAC seeks to obtain market access for U.S. firms and workers and to achieve full compliance by foreign nations with trade agreements they sign with the United States. MAC ensures market access for U.S. businesses; advances the rule of law internationally; and creates a fair, open, and predictable trading environment. MAC also conducts critical trade policy analysis and negotiation support for the Office of the U.S. Trade Representative (USTR) and represents the Department in trade-related dealings with other U.S. government agencies. Based on customer needs, MAC has a sizable caseload from U.S. firms that have encountered a trade barrier.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Percent reduction in trade distorting foreign subsidy programs	>0.5%	1.6%	Exceeded
Percentage of AD/CVD determinations issued within statutory and/or regulatory deadlines	90%	90%	Met
Percent of ministerial errors in IA's dumping and subsidy calculations	< 12%	10%	Met
Percentage of market access and compliance cases resolved successfully	35%	39%	Met
Value of market access and compliance cases resolved successfully	\$1.5B	\$12.3B	Exceeded

RESULTS

ITA met or exceeded all five measures.

IA evaluates its results annually by measuring case error rates as well as the percentage of AD/CVD determinations issued within statutory and/or regulatory deadlines. The second measure assesses the quality of the program's work while the third reflects the vigilance of IA staff to complete its casework within the statutory/regulatory time frame. Domestic industry generates AD/CVD cases, and timeliness of case activity is a critical factor for delivering customer satisfaction. Timeliness of casework is also essential for upholding the integrity of the AD/CVD laws as a credible and fair legal mechanism to address unfair trade actions by foreign interests.

In FY 2007, MAC initiated 187 cases from U.S. industry and concluded 158. For the past four years, ITA has met or exceeded targets for the number of cases initiated and the number of cases resolved. In 2007, ITA's trade compliance team received 180 formal inquiries from individuals or companies through the STOP! (Strategy Targeting Organized Piracy) Fakes Web site.

Performance Outcome: Maintain and strengthen an adaptable and effective U.S. export control and treaty compliance system (BIS)

The Department administers and enforces controls on exports of dual-use goods and technologies to counter proliferation of WMDs, combat terrorism, and pursue other national security policy goals. The Department also serves as the lead agency for ensuring U.S. industry compliance with CWC. The Department processes export license applications for controlled commodities of U.S. companies engaged in international trade in accordance with Export Administration Regulations (EAR). The Department engages in activities to prevent violations before they occur and to investigate and prosecute violators to dismantle illicit proliferation networks. Preventive activities include screening license applications for enforcement concerns; conducting end-use checks abroad to confirm the *bona fides* of parties to export transactions, confirm compliance with license conditions, and uncover diversions to unauthorized end-users/uses; and reviewing Shippers Export Declarations and foreign visitors' visa applications to identify potential export control issues. Outreach activities include educating U.S. businesses on export control requirements and identifying suspicious transactions leading to successful preventive and investigative actions. Investigation and prosecution activities involve Department Special Agents conducting cases focused on significant proliferation, terrorism, and military end-use export violations; and the vigorous pursuit of criminal and administrative sanctions. Finally, an integral part of BIS's mission is to facilitate compliance with U.S. export controls by keeping U.S. firms informed of export control regulations through an extensive domestic and foreign outreach program.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Percent of licenses requiring interagency referral referred within 9 days	95%	99%	Met
Median processing time for new regime regulations (months)	3.0	2.0	Exceeded
Percent of attendees rating seminars highly	85%	93%	Met

(continued)

PERFORMANCE MEASURE <i>(continued)</i>	TARGET	ACTUAL	STATUS
Percent of declarations received from U.S. industry in accordance with CWC regulations (time lines) that are processed, certified, and submitted to the State Department in time for so the United States can meet its treaty obligations	100%	100%	Met
Number of actions that result in a deterrence or prevention of a violation and cases which result in a criminal and/or administrative charge	675	881	Exceeded
Percent of shipped transactions in compliance with the licensing requirements of the Export Administration Regulations (EAR)	87%	87%	Met
Percentage of post-shipment verifications completed and categorized above the “unfavorable” classification	215 PSVs/80%	136 PSVs/93%	Met

RESULTS

BIS met or exceeded all seven targets for this outcome.

The Department continued to process export license applications in a timely manner, thereby benefiting exporting companies and industries, while protecting national security and foreign policy interests.

In FY 2008, the Department exceeded its target by completing 881 actions that resulted in a deterrence or prevention of a violation. The Department also ensured that its investigation case load was targeted on the priority areas of WMDs, terrorism, and military diversion.

In FY 2008, the Department successfully promulgated regulations that adapted export controls to the evolving national security and economic situation. Many of these efforts are directly linked to the President's dual-use trade reform directive of January 22, 2008. Noteworthy regulations published include multilateral export control regime changes from 2007/2008, plenary meetings, extension of the Validated End-User (VEU) program to India, identification of the first VEUs for China, revisions of encryption rules and an expansion of the Entity List to provide exporters with information on end-users involved in proliferation and other (e.g., conventional arms, terrorism support) activities contrary to U.S. interests. The Department also initiated a comprehensive review of the Commerce Control List, which to date has resulted in regulatory changes and a new guidance to exporters to facilitate compliance with EAR, and a plan to conduct such reviews on a routine basis. The Department added a new performance measure in FY 2008 to evaluate exporter compliance with EAR through review of the Automated Export System (AES) data. The Department provides guidance to the exporting community regarding the EAR and antiboycott regulations through public outreach and its telephone and e-mail advice line. In addition, the Department published a proposed rule to implement treaty obligations under the Additional Protocol to the U.S.-International Atomic Energy Agency (IAEA) Safeguards Agreement.

Performance Outcome: Integrate non-U.S. actors to create a more effective global export control and treaty compliance system (BIS)

The effectiveness of U.S. export controls is enhanced by strong controls in other nations that export or transship sensitive goods and technologies. BIS works to improve the participation and compliance of existing members of the multilateral export control regimes and cooperates with other countries to help them establish effective export control programs.

The Department helps improve the effectiveness of the multilateral export control regimes (Australia Group for chemical and biological weapons items, Missile Control Regime, Nuclear Suppliers Group, and Wassenaar Arrangement for dual use technologies and conventional weapons) by participating in U.S. efforts to update and adapt their control lists to the threats facing the United States.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Number of end-use checks completed	850	490	Not Met

RESULTS

BIS did not meet the target for "Number of end-use checks completed." This was due in part to BIS not completing any Sentinel visits and having less staff to complete these tasks.

The Department worked with other countries to encourage and support their development of effective export control systems consistent with obligations under United Nations Security Council Resolution 1540. In FY 2008, the Department continued its efforts with India and the United Arab Emirates. In addition, the Department assists in implementing its international activities by participating in the U.S. government's Export Control and Related Border Security Assistance (EXBS) program, which provides technical assistance to strengthen the export and transit control systems of nations lacking effective export control systems.

Performance Outcome: Ensure continued U.S. technology leadership in industries that are essential to national security (BIS)

The Department works to ensure that the United States remains competitive in industry sectors and sub-sectors critical to national security. To this end, it analyzes the impact of export controls and trade policies—including deemed export policy—on strategic U.S. industries, studies the impact of defense trade offsets, advocates for U.S. defense companies competing for international sales opportunities, and evaluates the security impact of certain proposed foreign investments in U.S. companies. The Department also administers the federal government's Defense Priorities and Allocations System (DPAS), which assures the timely availability of industrial resources to meet national defense and emergency preparedness program requirements and provides an operating system to support rapid industrial response in a national emergency.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Percent of industry assessments resulting in BIS determination, within three months of completion, on whether to revise export controls	100%	100%	Met

RESULTS

BIS met the target for the measure associated with this outcome.

In FY 2008, the Department announced the results of an important study of the space industrial base published by the Center for Strategic and International Studies based on data collected and analyzed by BIS. In addition, the Department supported administratively the Secretary's Deemed Export Advisory Committee, which provided its recommendations for policies that will continue to provide U.S. industry, academia, and research institutions with access to talented foreign researchers while ensuring that U.S. security requirements are met. In response to these recommendations, the Department published a Notice of Inquiry soliciting public comment on the treatment of foreign nationals and technologies that should be subject to control, and chartered the Emerging Technology and Research Advisory Committee to provide advice on technologies and research activities that may be of interest from an export control perspective. The Department also issued its annual report on the impact of defense offsets on U.S. industry and actively participated in an interagency committee to develop and implement policies for mitigating the use of offsets by U.S. trading partners.

STRATEGIES, PLANS, AND FUTURE CHALLENGES

The Department continues to refine U.S. export controls in light of geopolitical and global market realities to ensure that they meet U.S. national security requirements. The Department also seeks to enhance the effectiveness of the EAR by educating exporters and other stakeholders in the export licensing process, thereby improving industry compliance with export control regulations. These efforts will increase the efficiency of the license processing system and thus enable exporters to be more competitive in the global economy while deterring transactions that threaten U.S. security interests.

The Department will also continue its efforts to strengthen multilateral cooperation on export controls to help strengthen U.S. security by extending controls over sensitive items beyond U.S. borders, and to help ensure a level playing field for U.S. exporters and otherwise permit them access to foreign markets. The Department will continue to develop and implement policy initiatives to integrate other key countries, such as China and India, more tightly into the global dual-use export system, thereby increasing U.S. security and facilitating the export of sensitive U.S. items to these markets.

Strong enforcement of U.S. export regulations is critical to protect U.S. national security interests. The Department will continue to focus on preventing, investigating, and prosecuting the most significant export violations involving proliferation, terrorism, and military end-uses. Focused partnerships with U.S. businesses will be maintained regarding specific goods and technologies sought for hostile acquisition, and the deemed export compliance program will be finalized and implemented.

The Department will also continue to strengthen its ability to promote U.S. competitiveness by improving deemed export policy, studying the impact of export controls and other factors on strategic industries, and evaluating the effects on national security of imports of certain items and foreign investments in U.S. companies.

ITA faces new demands as the international trade environment changes from year to year: new barriers are erected, the role of international organizations and alliances is strengthened, and other foreign regulatory measures are implemented that have a negative impact on ITA exports. Market access cases frequently arise from these foreign regulatory measures as U.S. companies experiencing overseas barriers to U.S. exports, not covered by trade agreements, complain to ITA. Compliance cases rise from complaints received by ITA from U.S. companies regarding failures by foreign governments to implement trade agreements negotiated by the United States and through monitoring efforts by ITA compliance officers.

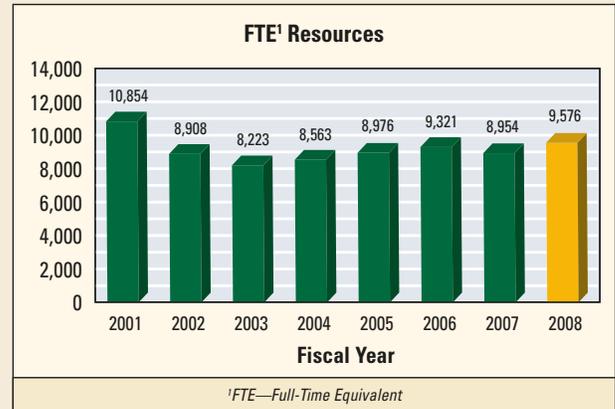
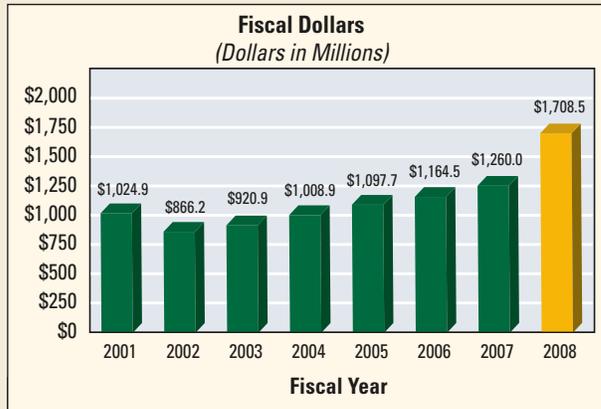
BIS faces the challenges of implementing an export control system that advances U.S. national security, foreign policy, and economic objectives in a dynamic technology and geopolitical environment. This includes strengthening the legal foundation of the dual-use export control system. The Export Administration Act (EAA) lapsed on August 20, 2001. Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Compo 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 3, 2006 (71 FR 44551 (August 7, 2006)), continues the regulations in effect under the International Emergency Economic Powers Act (IEEPA). While the Department effectively exercises its authority under IEEPA, the legal foundation for the dual-use export control system can be strengthened. The Administration has vigorously advocated a streamlined and strengthened export control system that effectively promotes both U.S. national security and U.S. economic interests. To address this challenge, the Department continues to work with Congressional members and staff on export control reforms that enhance the Department's ability to facilitate legitimate global trade while reducing illicit traffic in dual-use items and targeting export control resources on transactions of greatest risk.

This challenge also includes managing export controls to maximize security with minimum impact on U.S. competitiveness. Trade must rest on a firm foundation of security, yet controls on trade must not disadvantage U.S. exporters needlessly. To meet this challenge, the Department will use BIS's Office of Technology Evaluation and other resources to understand better the impact of technology, markets, and geopolitical developments on U.S. security and competitiveness.

STRATEGIC OBJECTIVE 1.3

Advance key economic and demographic data that support effective decision-making of policymakers, businesses, and the American public

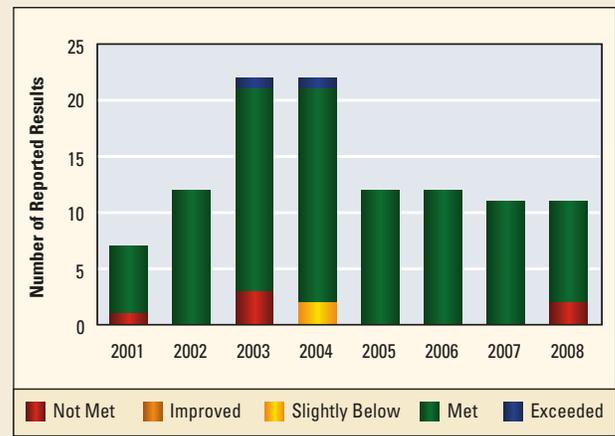
STRATEGIC OBJECTIVE 1.3 TOTAL RESOURCES



Current and benchmark measures of the U.S. population, economy, and governments play a vital role in the Nation's economic well being. This objective focuses on meeting the needs of policymakers, businesses, nonprofit organizations, and the public for this information while respecting individual privacy, ensuring confidentiality, and reducing respondent burden. The result of achieving this objective is a better understanding of the U.S. economy in that the activities involved provide timely, relevant, and accurate economic data in an objective and cost-effective manner.

The Department's statistical programs and services are widely used by policymakers, business leaders, and the U.S. public. As a primary source for measures of macroeconomic activity, the Department provides the Nation with the picture of its economic health.

STRATEGIC OBJECTIVE 1.3 PERFORMANCE RESULTS



See Appendix A: Performance and Resource Tables for individual reported results.

Performance Outcome: Provide benchmark measures of the U.S. population, economy, and governments (ESA/Census)

The Census Bureau provides benchmark measures of the Nation's economy and population to help decisionmakers and the public make informed decisions. The Census Bureau's cyclical programs provide the foundation for critical national, state, and local data. These include the Economic Census and Census of Governments, which are conducted every five years, and the Decennial Census program.

The decennial census is used to provide the official population counts for determining the allocation to states of seats in the U.S. House of Representatives and for determining how the districts are defined for those seats. The Census Bureau provides to each state the data necessary to determine Congressional, state, and local legislative boundaries. The decennial census provides comprehensive and useful demographic information about all people living in the United States, Puerto Rico, and the U.S. Island Areas. The program also provides data for small geographic areas and population groups that federal agencies need to implement legally mandated programs. Approximately \$300 billion a year is distributed to state and local governments using formulas that are based on data such as state population and personal income.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Correct street features in the TIGER (geographic) database – number of counties completed to more effectively support: Census Bureau censuses and surveys, facilitate the geographic partnerships between federal, state, local and tribal governments, and support the E-Government initiative in the President’s Management Agenda	320	320	Met
Complete key activities for cyclical census programs on time to support effective decision-making by policymakers, businesses, and the public and meet constitutional and legislative mandates	>89% of key activities completed on time	Some of the planned dress rehearsal activities were cancelled	Not Met
Meet or exceed the overall federal score of customer satisfaction on the American Customer Satisfaction Index (ACSI) (This measure applies to the second performance outcome in this objective as well)	73.9	66.0	Not Met

RESULTS

The Census Bureau met one of three targets. While the results of the federal score are not due before December, the Census Bureau does not anticipate meeting its target.

In FY 2008, the Census Bureau corrected street features in the Topologically Integrated Geographic Encoding and Referencing System (TIGER) database for 320 counties, bringing the total completed to 100 percent of all 3,232 counties in the United States, Puerto Rico, and the U.S. Island Areas.

The 2010 Decennial Census program did not complete all key activities for cyclical census programs on time due to the elimination of certain portions of the Dress Rehearsal and the revision of operations for the 2010 Census. Some of the revisions included the rescope of the Field Data Collection Automation (FDCA) project in order to reduce overall program risk. This rescoping effort is a result of concerns raised regarding the ability to meet deadlines and budgets for the FDCA activities. To address these concerns, the Census Bureau undertook an in-depth review of the FDCA program. After receiving the review outcome, it was determined that the Census Bureau should move to a paper-based nonresponse follow-up operation.

The 2010 Decennial Census program conducted mailout/mailback data collection operations for the 2008 Census Dress Rehearsal as well as completed receiving updates from 2010 Census Local Update of Census Address (LUCA) participants.

The Economic Census provides comprehensive, detailed, and authoritative facts about the structure of the U.S. economy ranging from the national to the local level. The 2007 Economic Census covered some 27 million business locations and 84 percent of the Nation's economic activity. The data help build the foundation for GDP and other indicators of economic performance. During FY 2008, the Census Bureau began collection and processing activities for the 2007 Economic Census. Key accomplishments during FY 2008 included:

- Mailing 4.6 million report forms to 3.1 million businesses;
- Conducting a comprehensive program to encourage response, including focused personal contact and assistance to 200 of the top Fortune 500 companies;
- Conducting the necessary mail and telephone follow-ups with late respondents, which required an additional 3.6 million correspondence packages; answering over 300,000 inquiries from businesses about their reports;
- Providing a 24/7, full-service, one-stop-shop Web site to handle the expected millions of hits; processing over 500,000 referrals for inconsistency among reports; assigning classification codes on the 2007 North American Industry Classification System (NAICS); and assigning geographic location codes to each establishment;
- Increasing the level of electronic reporting so that by the time data collection is complete, over a quarter of the total economic census responses and more than a half of the large multi-unit responses will have been collected electronically.

The Census of Governments is the only source of comprehensive and uniformly classified data on the economic activities of state and local governments. The 2007 Census of Governments covered about 90,000 local governments, including thousands of subordinate agencies. This complex and ever-changing government universe is a major economic factor totaling 12 percent of GDP and nearly 16 percent of the U.S. workforce. During FY 2008, principal activities included the creation of the Census of Governments universe frame; release of the preliminary counts of local governments in March 2008; collecting, editing, and processing data for the Employment Phase; and collecting and processing data for the Finance Phase.

Performance Outcome: Provide current measures of the U.S. population, economy, and governments (ESA/Census)

The Census Bureau collects and disseminates a wide range of current demographic and economic information to help decisionmakers and the public make informed decisions. The Census Bureau's current economic statistics program provides public and private data users with monthly, quarterly, and annual national statistical profiles of the U.S. economy. Agencies like the Federal Reserve Board and BEA are two of the major users of these data. These data are used to develop the GDP, production indexes, and Congressional economic projections. Also, these data allow users to gauge competition, calculate operating ratios, analyze changes in the Nation's economic structure, calculate market share, locate business markets, and design sales territories.

The Census Bureau's current demographic statistics program provides elected officials and government and business managers with reliable social and economic data to make informed and cost-effective decisions. Data from these programs are used to create official U.S. measures of employment, unemployment, and poverty and widely used measures of income and health insurance coverage.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Achieve pre-determined collection rates for Census Bureau censuses and surveys in order to provide statistically reliable data to support effective decision-making of policymakers, businesses, and the public	90% of key censuses and surveys meet/exceed collection rates/levels of reliability	Met percentages	Met
Release data products for key Census Bureau programs on time to support effective decision-making of policymakers, businesses, and the public	1) 100% of Economic Indicators released on time 2) >89% of other key censuses and surveys data released on time	1) 100% of Economic Indicators released on time 2) >89% of other key censuses and surveys data released on time	Met

RESULTS

The Census Bureau met both of its targets.

In FY 2008, the Census Bureau released nearly 400 economic reports, including 118 principal economic indicators, providing information on retail and wholesale trade and selected service industries, construction activity, quantity and value of industrial output, capital expenditure information, e-commerce sales, foreign trade, and state and local government activities.

Also, during FY 2008, the Census Bureau completed preparatory steps required for the introduction of a new Survey of Income and Program Participation (SIPP) Panel in September 2008.

The Census Bureau met its targets to achieve at least 90 percent of the planned response rates and dissemination targets for Census Bureau surveys. Response rates are a measure of the quality of survey data. Dissemination targets are a measure of timeliness of the data. By meeting these targets the Bureau is providing its users with the high quality and timely data they need to make important policy decisions that help improve the Nation's social and economic conditions.

The Intercensal Demographic Estimates program provides updated estimates of the U.S. population for the country, states, counties, cities, and townships in the years between the decennial censuses. Based on population estimates stakeholders' meetings, the Census Bureau continued to review alternative population estimate methodologies and alternative data sets during FY 2008.

In FY 2008, the Census Bureau also continued to research the potential use of the Master Address File (MAF) as a sampling frame for demographic surveys through the Demographic Surveys Sample Redesign (DSSR) program. The DSSR program provides updated samples for most major recurring household surveys conducted by the Census Bureau to account for changes in the population and demographics, survey requirements and objectives, and survey methods and technology. The Census Bureau completed data analysis and a report on the New Construction Study, an evaluation of the coverage and currency of new housing units on the MAF.

The American Community Survey (ACS), which collects and tabulates long-form data every year throughout the decade, achieved a 98.2 percent weighted response rate, using three modes of data collection (mail-out, telephone, and personal interview). The ACS also released social and demographic data for all places with a population of 65,000 and larger for the third time. The

Boundary and Annexation Survey (BAS) program achieved an 85.9 percent response rate. BAS is used to update information about the legal boundaries and names of all governmental units in the United States.

Performance Outcome: Provide timely, relevant, and accurate economic statistics (ESA/BEA)

ESA's BEA produces some of the Nation's most important and closely-watched economic statistics, including the GDP, the broadest measure of economic activity. BEA produces economic statistics for four major program areas: National Economic Accounts, Industry Economic Accounts, Regional Economic Accounts, and International Economic Accounts. Greater descriptions of these accounts can be found on the BEA Web site at www.bea.gov. BEA draws on the data collection and analyses conducted by the Census Bureau, Bureau of Labor Statistics (BLS), Internal Revenue Service (IRS), Federal Reserve, and others to produce over 50 public releases of economic statistics a year. Using these data, BEA estimates the Nation's economic accounts. These estimates provide a comprehensive, integrated, and consistent measure of U.S. economic activity and are used as critical ingredients in budget appropriations and forecasts, international trade and policy formulation, and business and personal financial strategies. Without these measures, the Nation's leaders would have little objective information on which to base monetary and fiscal policy decisions, and the domestic and global markets would have few statistics with which to understand the health of the U.S. economy.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Timeliness: Reliability of delivery of economic data (number of scheduled releases issued on time)	58 of 58	57 of 58 ¹	Met
Relevance: Customer satisfaction with quality of products and services (mean rating on a 5-point scale)	> 4.0	4.2	Met
Accuracy: Percent of GDP estimates correct	> 85%	94%	Met
Improving GDP and the economic accounts	Completion of strategic plan milestones	Completed	Met
Meeting U.S. international obligations	Completion of strategic plan milestones	Completed	Met
Budget Related: Preparation of Innovation Accounts	Completion of strategic plan milestones	Completed	Met

¹ See explanation below in Results.

RESULTS

BEA met each of its FY 2008 targets. The Annual Industry Accounts statistical release was rescheduled from December 13, 2007 to January 29, 2008, in order to include important information from the 2006 Annual Survey of Manufactures (ASM) that BEA received from the Census Bureau. Those census data, which provide the most accurate picture of manufacturing production, were originally scheduled to be provided in early December 2007—too late to be included in the statistics if they were to be released on the original December date. So the Census Bureau devoted resources to upgrade its survey processing to provide BEA with the data one month early, and BEA made the decision to reschedule the release to January. If BEA had not reasonably delayed

the release, then that information would not have been made available to the public until December 2008. Therefore, the delay resulted in a better product for BEA's data users, so this measure is considered "Met."

BEA has worked to make these critical measures more accurate and more accessible for all users. Great progress has been made in recent years to accelerate the release of BEA's key economic statistics and to expand the level of detail of both new and historical data available. Additionally, BEA has continued to upgrade its electronic survey data collection system, reducing respondent burden and decreasing reporting errors in data collection.

BEA has modernized its statistical processing systems and has made great progress in addressing the significant long and near-term challenges that the organization faces. During FY 2007, BEA achieved a number of important data improvement and availability targets, including:

- Developing satellite accounts for innovation and healthcare;
- Began work on a national production account that is integrated with BLS measures of productivity;
- Reconfigured international service surveys to improve estimates of international transactions, including the use of Census Bureau data to improve the sample frames for surveys of international trade in services;
- Prepared alternative estimates of income and pension receipts;
- Improved the integration of the National Income and Product Accounts (NIPA) and the Industry accounts by researching the difference between them.

STRATEGIES, PLANS, AND CHALLENGES FOR THE FUTURE

The Census Bureau strives to provide accurate, timely, and useful information to users in the most cost-effective manner while honoring privacy, protecting confidentiality, and conducting work openly. One way the Census Bureau is doing that is through a multi-year effort to re-engineer the census. Through this effort the Bureau meets the Nation's ever-expanding needs for social, demographic, and geographic information by improving the relevance and timeliness of census long form data, reducing operational risk, improving accuracy of census coverage, and containing costs. The strategy is to accomplish that through the use of the ACS, enhancements to the MAF/TIGER database, and a re-engineered shortform-only 2010 census. The Census Bureau will continue the ACS and release products for geographic areas and population groups of 20,000 or greater for the first time in FY 2009.

The Census Bureau intends to strengthen the management and oversight of the FDCA project in order to reduce the risks for the 2010 Census. To achieve this goal, the Census Bureau has laid out four specific actions. They are:

- Develop an integrated and comprehensive plan to control costs and manage operations;
- Strengthen risk management activities;
- Strengthen systems testing;
- Improve management of the field data collection automation.

Other plans for FY 2009 include continuing major contracting efforts related to FDCA, data response integration, data access and dissemination, printing for the 2010 Census, and communications; continuing the overall management and integration of

planning, testing, development, and implementation efforts for the 2010 Census; continuing to conduct operations for the 2010 Census, including the opening of the 150 early local census offices; recruiting; and completing the Address Canvassing field operations for the 2010 Census.

Census Bureau economic benchmark data are the foundation of the Nation's economic statistics programs. They provide core information on virtually all non-farm businesses and related data on business expenditures, commodity flows, minority and women-owned businesses, and other topics. During FY 2008, the Bureau began implementing its plans to enhance the 2007 Economic Census to ensure the usefulness and relevance of the programs by expanding content to include first-time collection of data on employers' contributions for pension plans and health insurance and new data on service products; improve the timeliness of respondents, especially for large companies; increase response rates; improve internal processing efficiency; and improve the timeliness of statistical products.

Census Bureau demographic data provide the official source of monthly labor force estimates; quarterly housing vacancy estimates; and annual estimates of work experience, income, poverty, race and ethnicity, migration, and school enrollment; and are the major source of information on the economic well being of Americans over time. In FY 2008, the Census Bureau continued to research the use of administrative records to evaluate and improve data quality and improve instruments and processing systems.

Given the major changes in overall design and methodology, the efforts involved with re-engineering the 2010 Decennial Census program will continue to present a significant management challenge for the Census Bureau and the Department. These challenges are the focus of continuous efforts of the Census Bureau's management and staff, as documented in the High Risk Improvement Plan, prepared for the Office of Management and Budget (OMB) in response to the Government Accountability Office (GAO) designation of the 2010 Decennial Census as a high-risk program.

The Census Bureau continues to address the significant management challenges of meeting user demands for reliable data, obtaining and maintaining targeted response rates for the various surveys conducted, and continuing to maintain respondent confidentiality.

The BEA 5-year Strategic Plan is the most important tool the Agency employs to chart the course of the future and to evaluate all aspects of performance. The milestones of the Strategic Plan feed directly into the performance measures and budget requests of the Agency. In order to assure that these milestones are met, each of BEA's employees is held accountable for completing components of the Strategic Plan.

Twice a year, the blue-ribbon 13-member BEA Advisory Committee meets publicly to review and evaluate BEA statistics and programs. The committee advises BEA's Director on matters related to the development and improvement of the national, regional, industry, and international economic accounts, especially in areas of new and rapidly growing economic activities arising from innovative and advancing technologies. The committee contributes significantly to BEA by providing recommendations for cutting-edge improvements from the perspectives of the economics profession, business, and government.

As part of the annual updates to the BEA 5-year Strategic Plan, BEA provides all of its stakeholders and users an opportunity to review the five-year plan and make recommendations. During 2008, BEA expanded external communications and outreach efforts to inform existing users of upgrades and changes to BEA data, and to educate new users on how they can use BEA data to make better-informed decisions. BEA staff uses outreach opportunities to understand the needs of users, which are then discussed and considered during the annual revision of the BEA 5-year Strategic Plan. This plan is updated each year through a series of BEA directorate-level planning retreats and a senior staff retreat. At the retreats, BEA staff reviews the past Strategic Plan and

prepares a public report of the progress toward meeting the milestones. Through this process, BEA is able to clearly define a path that reflects the needs and interests of the U.S. public.

BEA continues to face the following three major challenges in the near future. To tackle them, BEA has developed a detailed, public plan in its Strategic Plan for FY 2008-FY 2012.

Measuring the immeasurable. The U.S. economy is constantly changing. To reflect these changes in the economic accounts, BEA must be quick to recognize and understand them. BEA is currently challenged to reflect the importance of "intangibles" such as knowledge and experience in the accounts. To do so, BEA must improve measurement methodologies in areas like research and development (R&D) and healthcare, monitor changing tax and accounting laws, and locate and incorporate data sources to capture these changes. BEA must continue to keep pace with the dynamic U.S. economy in order to provide the Nation with the most timely, relevant, and accurate economic statistics possible.

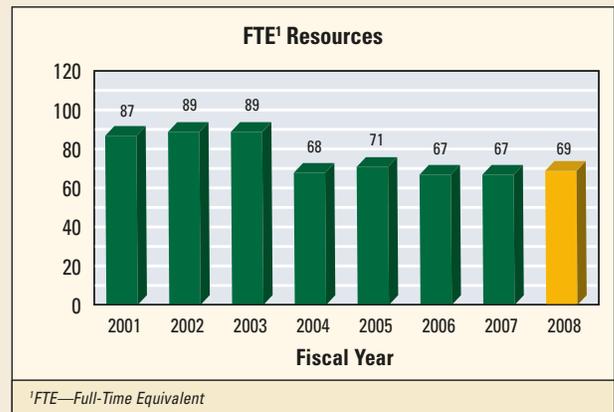
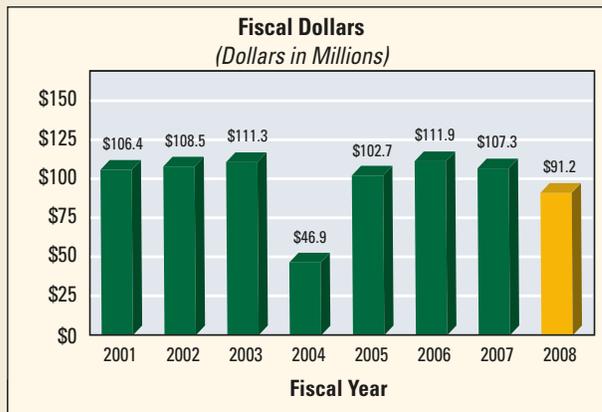
Integrating federal economic accounts. The demand for greater consistency between the various economic accounts in a decentralized statistical system continues to be an important issue among users of federal economic statistics. BEA has made strides in its integration efforts between its productivity statistics and those of BLS, and continues to reconcile its measures of savings with those of the Federal Reserve to integrate shared accounts. The federal agencies responsible for the production of U.S. economic accounts must continue working together to integrate the accounts by harmonizing definitions, methodologies, and analytical techniques in order to provide consistent estimates to users.

Building and developing a skilled workforce. As much of BEA's senior staff nears retirement age, BEA is experiencing firsthand the importance of institutional knowledge and experience. BEA is devoting itself to the preparation of a new generation of cutting-edge experts and leaders.

STRATEGIC OBJECTIVE 1.4

Position small manufacturers to compete in a global economy

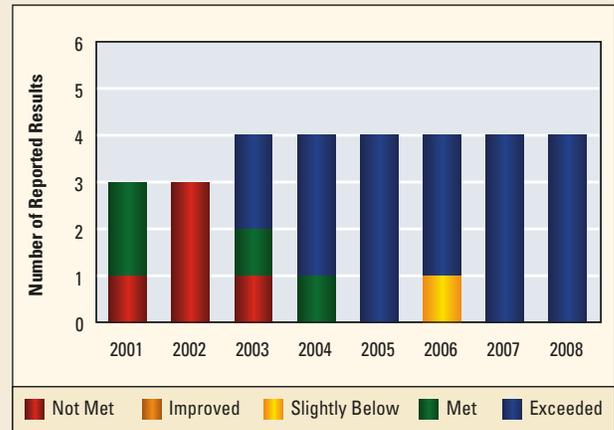
STRATEGIC OBJECTIVE 1.4 TOTAL RESOURCES



The Nation's approximately 350,000 small manufacturers employ over 11 million people providing intermediate parts and equipment that contribute more than half of the value of U.S. manufacturing production. Their role in manufacturing supply chains is crucial, and the Nation's future manufacturing productivity and competitiveness rests largely on the ability of these establishments to raise their efficiency, lower their costs, and implement a culture of innovation into their business operations.

Performance Outcome: Raise the productivity and competitiveness of small manufacturers (NIST)

STRATEGIC OBJECTIVE 1.4 PERFORMANCE RESULTS



See Appendix A: Performance and Resource Tables for individual reported results.

The most significant challenge facing U.S. manufacturers continues to be coping with accelerating technological change and global competition. The firms that succeed will be those best able to manage the complexity and rapid change affecting all aspects of the manufacturing enterprise. Through the Hollings Manufacturing Extension Partnership (MEP) program's nationwide network of manufacturing centers, which are linked to state, university, community college, and private sources of technology and expertise, NIST helps smaller firms adopt new and advanced manufacturing and management technologies and innovative business practices to position them to compete in the global economy.

Hollings MEP transforms thousands of U. S. manufacturers each year by working one-on-one to implement the best combination of process improvements and growth services for each individual company. MEP is focused on providing the services that reduce manufacturer's bottom-line expenses, increase efficiencies, and build capacity. Process and quality improvements offer reduced

expenses. Growth services provide the tools to improve top-line sales by adopting new technologies and developing new sales, new markets, and new products. With a suite of service offerings, MEP centers provide the tools to keep manufacturers competing and thriving in today's global marketplace.

MEP clients receive technical, business, and innovation services through interactions ranging from informational seminars and training to in-depth technical assistance in areas such as new product development and implementation, quality improvement practices, human resources and organizational development, and industrial marketing.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Number of clients served by Hollings Manufacturing Extension Partnership (MEP) centers receiving federal funding	21,237 from FY 2007 funding	28,004 from FY 2007 funding	Exceeded
Increased sales attributed to Hollings MEP centers receiving federal funding	\$762 from FY 2007 funding	\$5,069 from FY 2007 funding	Exceeded
Capital investment attributed to Hollings MEP centers receiving federal funding	\$955 from FY 2007 funding	\$1,662 from FY 2007 funding	Exceeded
Cost savings attributed to Hollings MEP centers receiving federal funding	\$521 from FY 2007 funding	\$1,096 from FY 2007 funding	Exceeded

RESULTS

NIST exceeded all of its targets.

Specific achievements of this performance outcome are described below:

- MEP's network of manufacturing assistance centers works at the grassroots level with each center providing their local manufacturers with expertise and services tailored to their most critical needs. In FY 2007, MEP centers provided services to over 24,000 clients in industries such as fabricated metal products, computer and electronic products, and transportation equipment.
- Through an annual survey of clients, the program obtains quantifiable impacts of MEP services on its clients' bottom line. MEP demonstrates the impact of its services on three key quantitative business indicators that, as a set, suggest the presence of business changes that are positively associated with productivity, revenue growth, and improved competitiveness. The measures include: (1) increased sales attributed to MEP assistance, (2) increased capital investment attributed to MEP assistance, and (3) cost savings attributed to MEP assistance.

The performance measures, along with other programmatic accomplishments, are used to evaluate progress on this long-term performance goal. MEP's Client Impact Survey is administered by a private firm. Each quarter, the data are reviewed by NIST MEP staff and center staff. Based on defined criteria, impacts are selected by NIST MEP for confirmation and verification by center staff.

As with other NIST programs, the programmatic objectives and management of MEP are reviewed by the Visiting Committee on Advanced Technology (VCAT) and an Advisory Board. The MEP Advisory Board was created in 2007 under the America Competes Act. The focus of the board is to provide advice and guidance on the MEP program and to assess MEP's plans, strategies, and performance. The MEP Advisory Board consists of 10 individuals broadly representing MEP stakeholder groups.

STRATEGIES, PLANS, AND CHALLENGES FOR THE FUTURE

In 2006, MEP developed a Next Generation strategic plan focused on providing the innovation services that U.S. manufacturers need to grow, transform, and remain globally competitive. The plan includes a much stronger emphasis on providing technology intensive services to U.S. small manufacturers. The Next Generation MEP will continue to leverage and expand relationships, partnering at both the federal and state level with organizations that have complementary goals focused on meeting the most pressing needs of the manufacturing community. MEP's planning process is ongoing, with input from a stakeholder list that includes small manufacturers, state representatives and economic development partners, manufacturing related associations, universities, community colleges, and MEP center staff—as well as national stakeholders in the Departments of Commerce, Labor (DOL), and Defense (DOD). This broad level of input provides a more complete picture of national manufacturing needs, the manufacturing infrastructure in which the MEP centers operate, and the priorities of the manufacturing community.

Special attention is being given to documenting the results of funded research to ensure maximum private sector use is made of this investment in the years ahead.



STRATEGIC GOAL 2



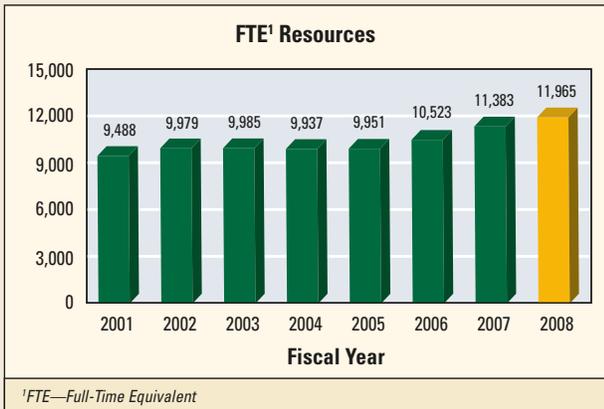
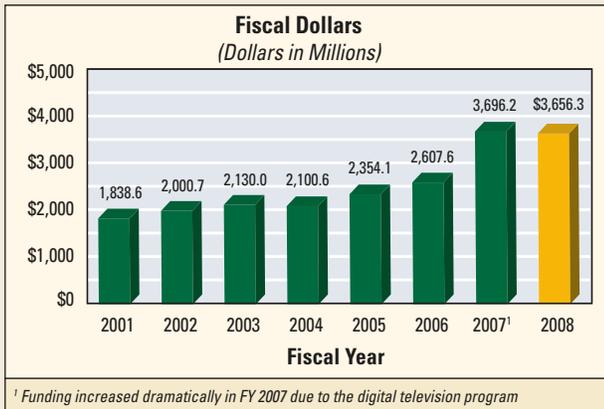
PERFORMANCE OUTCOME	TARGETS MET OR EXCEEDED
Promote innovation, facilitate trade, and ensure public safety and security by strengthening the Nation's measurements and standards infrastructure (NIST)	6 of 6
Increase public access to worldwide scientific and technical information through improved acquisition and dissemination activities (NTIS)	3 of 3
Optimize patent quality and timeliness (USPTO)	5 of 5
Optimize trademark quality and timeliness (USPTO)	5 of 5
Improve intellectual property and enforcement domestically and abroad (USPTO)	3 of 3
Ensure that the allocation of radio spectrum provides the greatest benefit to all people (NTIA)	5 of 5
Promote the availability, and support new sources, of advanced telecommunications and information services (NTIA)	2 of 2



STRATEGIC GOAL 2

Promote U.S. innovation and industrial competitiveness

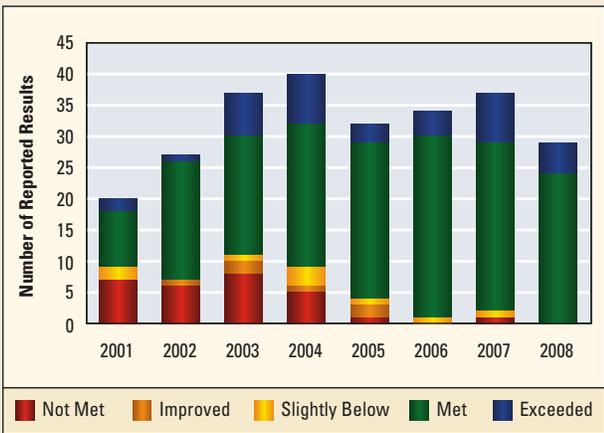
STRATEGIC GOAL 2 TOTAL RESOURCES



Working with U.S. industry to develop and apply technology, measurements, and standards, the Department through the National Institute of Standards and Technology (NIST) is focused on providing the infrastructure necessary to develop innovative breakthroughs and new technologies vital to the Nation's long-term economic growth.

NIST's laboratories provide the measurement science and standards capabilities needed by industry to continually develop new and improved products and services and enhance quality of life. NIST staff members participate in more than 105 standards development organizations each year, and NIST sells more than 30,000 Standard Reference Materials (SRM) and 5,000 Standard Reference Databases annually. The Department's measurement and standards work addresses a significant portion of the Nation's modern

STRATEGIC GOAL 2 PERFORMANCE RESULTS



See Appendix A: Performance and Resource Tables for individual reported results.

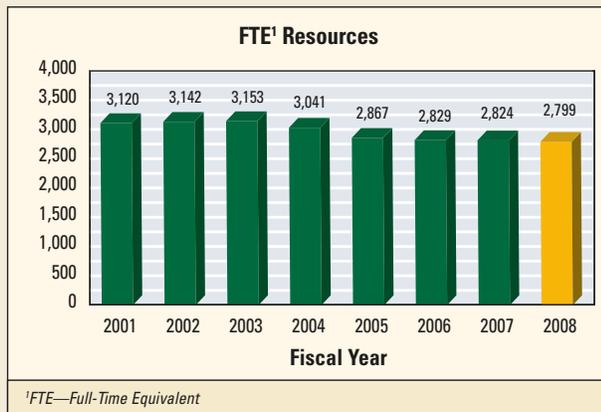
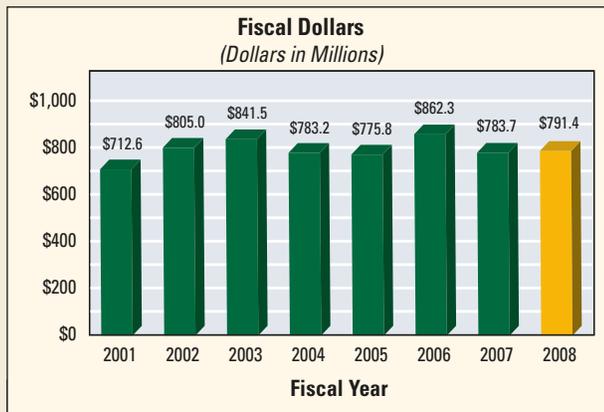
technology-based economy, from the automotive to the biotechnology sector, from basic materials and manufacturing to information technology (IT), and from companies with a handful of employees to the largest of firms.

Intellectual property (IP) is a potent force in, and a fundamental component of, the global economy. The Department strives to preserve the Nation's competitive edge by protecting IP and encouraging technological innovation. In market-driven economic systems, innovation provides a catalyst for economic prosperity through the accumulation of scientific knowledge; introduction of new products and services; and improvements in the productivity levels of land, labor, and capital resources.

STRATEGIC OBJECTIVE 2.1

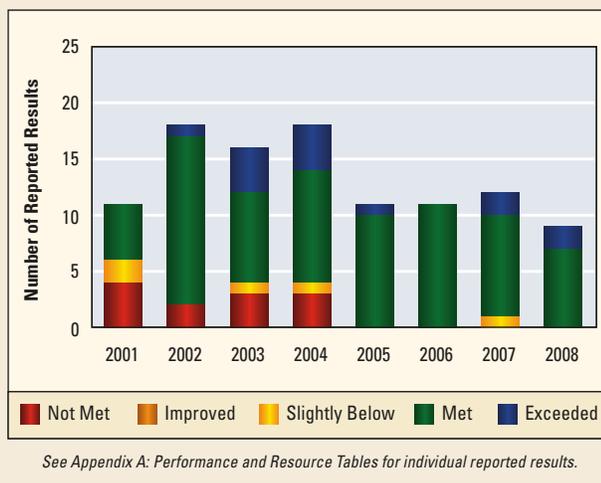
Advance measurement science and standards that drive technological change

STRATEGIC OBJECTIVE 2.1 TOTAL RESOURCES



In its effort to achieve this objective, NIST works with U.S. industry and other stakeholders to promote U.S. innovation and industrial competitiveness by advancing measurement science, standards, and technology in ways that enhance economic security and improve quality of life. NIST fulfills its broad responsibilities and works to foster science and technological leadership by helping the United States to drive and take advantage of the increased pace of technological change, fostering more efficient transactions in the domestic and global marketplace, and addressing other critical national needs assigned to NIST by the Administration and Congress. Likewise, the National Technical Information Service (NTIS) seeks to advance measurement science by bringing scientific and technical information to U.S. business and industry. NTIS promotes innovation and economic growth for U.S. business by (1) collecting, classifying, coordinating, integrating, recording, and cataloging scientific and technical information from a variety of sources, foreign and domestic; (2) disseminating this information to the public; and (3) providing information management services to other federal agencies that help them interact with and better serve the information needs of their own constituents, and to accomplish this without appropriated funds.

STRATEGIC OBJECTIVE 2.1 PERFORMANCE RESULTS



Some of the FY 2008 accomplishments include:

Enabling nanotechnology. Researchers at NIST reported a new technique to sort batches of carbon nanotubes by length using high-speed centrifuges. Many potential applications for carbon nanotubes depend on the lengths of these microscopic cylinders. One of the most important features of the new technique is that it should be easily scalable to produce industrial quantities of

high-quality nanotubes. While other techniques have been shown to sort nanotubes by length, this is the first approach that could be scaled up to produce commercially important quantities of nanotubes in a given length range.

Testing a potential hydrogen storage compound. Researchers at NIST's Center for Neutron Research (NCNR), in collaboration with University of Maryland and California Institute of Technology scientists, have demonstrated that a novel class of materials called metal-organic frameworks (MOF) could enable a practical hydrogen fuel tank. One of several classes of materials that can bind and release hydrogen under the right conditions, MOFs could be engineered so that refueling is as easy as pumping gas at a service station is today, and don't require the high temperatures (110 to 500 degrees Celsius) some other materials need to release hydrogen.

Improving neutron detection. Researchers at NIST and the University of Maryland developed a new optical method that can detect individual neutrons and record them over a range of intensities at least 100 times greater than existing detectors. The new detector promises to improve existing neutron measurements and enable tests of new phenomena beyond the Standard Model, the basic framework of particle physics.

Performance Outcome: Promote innovation, facilitate trade, and ensure public safety and security by strengthening the Nation's measurements and standards infrastructure (NIST)

The Nation's ability to innovate and compete in a global economy depends on a robust scientific and technical infrastructure, including research, measurement tools, standards, data, and models. The NIST laboratories develop and disseminate measurement techniques, reference data, test methods, standards, and other technologies and services required by U.S. industry to compete in the 21st century.

NIST evaluates progress on this outcome using an appropriate mix of specific output tracking and peer review. Together, these evaluation tools, combined with continual feedback from customers provide a comprehensive picture of performance toward this long-term goal. Additional information on these evaluation methods is available at <http://www.nist.gov/director/planning/strategicplanning.htm>.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Qualitative assessment and review of technical quality and merit using peer review	Complete annual peer review	Completed	Met
Citation impact of NIST-authored publications	>1.1	>1.1 ¹	Met
Peer-reviewed technical publications produced	1,100	1,271	Met
Standard Reference Materials (SRM) sold	31,000	33,373	Met
NIST-maintained datasets downloaded	130,000,000	196,500,000	Exceeded
Number of calibration tests performed	12,000	25,944	Exceeded

¹ Actual for this measure lags six months. The actual shown here is based on FY 2007 data.

RESULTS

NIST met or exceeded all of its targets.

Specific achievements of this performance outcome are described below:

- NIST measurement services, including calibration services, are critical for ensuring product performance and quality, improving production processes, making marketplace transactions fair and efficient, and leveling the playing field for international trade. NIST calibration services provide the customer with direct traceability to national and international primary standards. NIST offers more than 500 different types of physical calibrations in areas as diverse as radiance temperature, surface finish characterization, and electrical impedance. In FY 2008, NIST conducted more than 25,000 calibration tests.
- SRMs are the definitive source of measurement traceability in the United States; all measurements using SRMs can be traced to a common and recognized set of basic standards that provides the basis for compatibility of measurements among different laboratories. SRMs certified by the NIST laboratories are used by customers to achieve measurement quality and conformance to process requirements that address both national and international needs for commerce, trade, public safety, and health. NIST sells more than 30,000 SRMs annually.
- Technical publications represent one of the major mechanisms NIST uses to transfer the results of its research to support the Nation's technical infrastructure and provide measurements and standards—vital components of leading-edge research and innovation—to those in industry, academia, and other government agencies. Each year NIST's technical staff produces a total of 2,000 to 2,200 publications with approximately 50 to 60 percent appearing in prestigious scientific peer-reviewed journals. NIST staff authors more than 1,200 publications in peer-reviewed journals each year.
- Online data represent another method NIST uses to deliver measurement and standards tools, data, and information. NIST provides online access to more than 80 scientific and technical databases covering a broad range of substances and properties from a variety of scientific disciplines. These technical databases are heavily used by industry, academia, other government agencies, and the general public, with more than 196 million estimated downloads in FY 2008.

Accomplishments and applicable quantitative data used to evaluate progress on this long-term performance outcome are reviewed quarterly. Quantitative data are collected and reported by NIST Technology Services.

External and independent evaluation of the research and measurement standards work of the NIST laboratory programs is conducted regularly. This type of peer review, combined with quantitative evaluation metrics focused on dissemination of NIST's measurements and standards work, demonstrate the laboratories' contribution to the Nation's measurement and standards infrastructure.

In FY 2008, the National Research Council (NRC) continued with the assessment process initiated in FY 2007 in which half of the NIST laboratories are reviewed each year. The NRC assessments focus on the following areas:

- The technical merit of the laboratory programs relative to the current state-of-the-art worldwide.
- The degree to which the laboratory programs in measurement science and standards achieve their stated objectives and desired impact.
- The adequacy of the laboratories' facilities, equipment, and human resources as they affect the quality of the technical programs.

Performance Outcome: Increase public access to worldwide scientific and technical information through improved acquisition and dissemination activities (NTIS)

NTIS seeks to promote innovation and economic growth for U.S. business by (1) collecting, classifying, coordinating, integrating, recording, and cataloging scientific and technical information from a variety of sources, foreign and domestic; (2) disseminating this information to the public; and (3) providing information management services to other federal agencies that help them interact with and better serve the information needs of their own constituents, and to accomplish this without appropriated funds.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Number of updated items available (annual)	725,000	813,775	Met
Number of information products disseminated (annual)	32,100,000	32,267,167	Met
Customer satisfaction	95-98%	96%	Met

RESULTS

NTIS met all of its targets.

In FY 2008, NTIS continued to increase its abilities to both gather and disseminate increased amounts of scientific and technical information. To do so, NTIS successfully achieved a major refresh of its Web site, which is one of the primary discovery tools for the NTIS collection of information. The Web site refresh enabled information users to increase their success rate of finding information and made the NTIS collection accessible to major commercial search engines.

NTIS continued working with the Government Printing Office (GPO) on a project begun in 2007 to provide improved access to scientific and technical information through the Nation’s network of Federal Depository Libraries. The project includes NTIS making available access to approximately 240,000 full-text publications dating from 1964 to 2000 for downloading, at no charge. There are currently over 370 Depository Libraries participating in the program, making invaluable research results more readily available to the U.S. public.

Through its information management services, NTIS has successfully contributed to the White House initiative prompting improved early childhood development programs for the Nation’s children, through the storage and distribution of the materials developed by the Departments of Health and Human Services (HHS), Education, and Agriculture (USDA). The HHS program is called the “Healthy Start, Grow Smart” program and provides easily understood information booklets to parents and caregivers about best practices in early childhood development. The information is published in English, Spanish, Vietnamese, and Chinese, providing valuable age-appropriate information about health, safety, nutritional needs, and early cognitive development. NTIS manages the storage and distribution of over 10 million booklets annually, and anticipates increased dissemination in the future.

NTIS also continued its long association with the USDA Team Nutrition and Food Stamp programs by distributing free materials to states and citizens that promote healthy nutrition. In FY 2008, NTIS assembled and distributed more than 15 million brochures, pamphlets, kits, and other nutrition information media in English and Spanish to promote healthy diets for children and adults.

STRATEGIES, PLANS, AND CHALLENGES FOR THE FUTURE

In addition to input from the Administration, Congress, and the science and technology (S&T) policy community, NIST actively seeks input from its stakeholders and customers through workshops, conferences, and the everyday outreach of NIST researchers and managers to the private sector to define the most pressing measurement and standard needs. A prime example of such efforts is the recently completed assessment of the U.S. Measurement System (USMS). With the goal of identifying critical measurement gaps that act as a barrier to innovation, this study identified more than 700 measurement needs. Examples of some of the measurement challenges identified include the need for:

- versatile, high-accuracy methods to measure the three-dimensional geometry of manufactured products;
- tools for measuring the properties of nanodevices and materials;
- reliable and unbiased performance data to speed the adoption of new and innovative technologies in the building/construction sector;
- new sensor technologies for in-line, real-time, and continuous monitoring of process variables in chemical manufacturing;
- standards and more accurate measurement technologies in the health care and biosciences sector to enable advanced DNA analysis, sensor-based proteomics for early cancer detection, and new imaging modalities in magnetic resonance imaging.

NIST also conducts retrospective and prospective economic impact studies annually to prioritize research and development (R&D) funding and ensure that the Department conducts the highest priority research. Manufacturing Extension Partnership's (MEP) Next Generation strategic plan focuses on providing the innovation services that U.S. manufacturers need to grow, transform, and remain globally competitive. The plan includes a much stronger emphasis on providing technology-intensive services to U.S. small manufacturers. The Next Generation MEP will continue to leverage and expand relationships, partnering at both the federal and state level with organizations that have complementary goals focused on meeting the most pressing needs of the manufacturing community. MEP's planning process is ongoing, with input from a stakeholder list that includes small manufacturers, state representatives and economic development partners, manufacturing related associations, universities, community colleges, and MEP center staff—as well as national stakeholders in the Departments of Commerce, Labor (DOL), and Defense (DOD). This broad level of input provides a more complete picture of national manufacturing needs, the manufacturing infrastructure in which the MEP centers operate, and the priorities of the manufacturing community.

Special attention is being given to documenting the results of funded research to ensure maximum private sector use is made of this investment in the years ahead.

A new Technology Innovation Program (TIP) at NIST was authorized by the America COMPETES Act. TIP was established to support, promote, and accelerate innovation in the United States through high-risk, high-reward research in areas of critical national need. TIP will award funding to small or mid-sized businesses, institutions of higher education, national laboratories, or non-profit research organizations for high-risk, high-reward research. TIP will establish research collaborations through joint ventures and informal interactions and foster an equivalent amount of additional private investment through a cost-share mechanism. TIP will accelerate the creation of intellectual property (IP) vested in U.S.-based businesses, universities and other organizations and the dissemination of knowledge created through patents, papers, and publications. NIST will continue to explore new models of public-private partnerships to encourage industry investment in R&D. The goal of these partnerships is to accelerate and promote innovation and the development of high-risk, transformative research targeted to address key societal challenges.

Keeping the U.S. competitive edge in the world economy depends on the Nation's ability to generate and harness the latest in scientific and technological developments—particularly in the physical sciences and engineering—and to apply these developments to real-world applications. Throughout the last decade, political and technical forces have combined to open up much of the globe to commerce. Increased emphasis on the sciences has created an environment in which continuous innovation must be sustained to maintain economic success. These growth and competition trends have significant implications for U.S. technological leadership and the economic growth and jobs it generates, R&D and high-tech manufacturing strategies, competition for high-skilled workers, and the climate for attracting global investment. Technological innovation ensures continued U.S. leadership in S&T, which provides a competitive advantage that drives productivity and growth for the U.S. economy.

The Department's key role in the President's American Competitiveness Initiative, which strives to keep the United States strong and secure by ensuring that it continues to lead the world in S&T, reflects the importance of technological innovation to the Nation's economic future. The Department will continue to conduct high-priority research, identify technical measurement barriers to innovation, and transfer technical knowledge developed to the private sector as part of efforts to drive this initiative.

The Internet has provided NTIS with a great opportunity to shift from traditional information collection and dissemination activities and has expanded the end-user opportunities. As customer expectations and technology have changed, NTIS has continued to be a leader in information collection and dissemination activities, through development of highly sophisticated platforms.

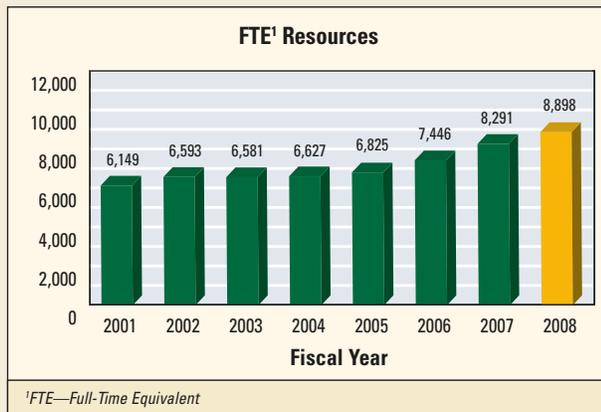
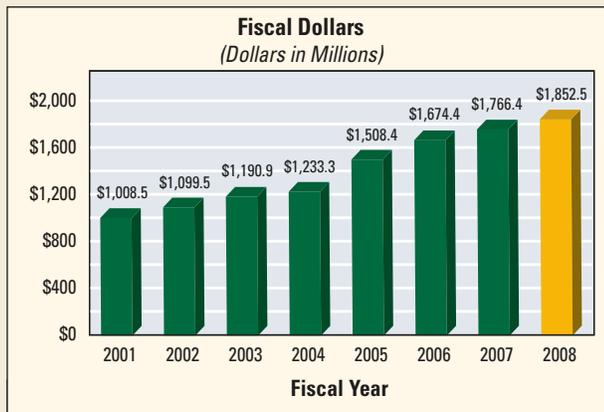
The Chief Financial Officer (CFO) organization directs and manages the overall financial management activities relating to the programs and operations of NIST as well as client bureaus serviced by NIST. This includes promoting programs to deter fraud, waste, and abuse of government resources. Under contracts and grants, allegations of fraud, waste, and abuse may be made to the Grants Officer, or Contracting Officer responsible for the administration of the grant or contract under which the report is being made. These reports are then referred to the Department's Office of Inspector General (OIG) for investigation. Non-contract and grant-related allegations of fraud, waste, and abuse may be confidentially reported to the Department's OIG directly, or reported anonymously through the OIG Hotline at 1-800-424-5197.

NTIS also assisted other federal government agencies in making information easier to find and order with the implementation of easy-to-use online ordering capabilities for USDA and the Centers for Medicare and Medicaid Services (CMS). This allows the public to more easily access nutritional and childhood development information from these agencies.

STRATEGIC OBJECTIVE 2.2

Protect intellectual property and improve the patent and trademark system

STRATEGIC OBJECTIVE 2.2 TOTAL RESOURCES

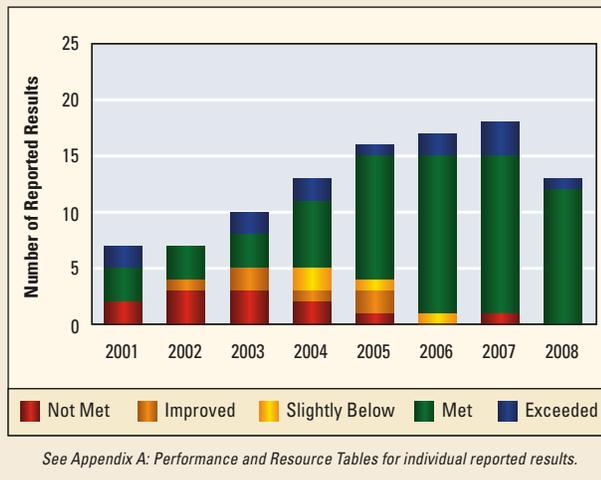


IP contributes to a strong global economy by encouraging investment in innovation, and fostering entrepreneurial spirit. People worldwide benefit from innovations, both directly on a personal level, and indirectly through economic growth fueled by innovation. Continual development of a vigorous, flexible, and efficient IP system protects individual rights, encourages investment in innovation, and fosters entrepreneurial spirit.

The Department promotes the IP system through the protection of inventions or creations via patent, trademark, trade secret, and copyright laws. Under this system of protection, industry in the United States has flourished, creating employment opportunities for millions of Americans.

The primary services the Department provides within this objective are the examination of patent and trademark applications and dissemination of patent and trademark information. Issuance of patents provides incentives to invent and invest in new technologies by allowing innovators the opportunity to benefit from their discoveries. Registration of trademarks assists businesses in protecting their investments and safeguards consumers against confusion and deception in the marketplace by providing notice of marks in use. Through dissemination of patent and trademark information, the Department promotes a global understanding of IP protection and facilitates the development and sharing of new technologies worldwide.

STRATEGIC OBJECTIVE 2.2 PERFORMANCE RESULTS



Performance Outcome: Optimize patent quality and timeliness (USPTO)

The most significant activity under this outcome is the examination of an inventor's application for a patent by comparing the claimed subject matter of the application to a large body of technological information to determine whether the claimed invention is new, useful, and non-obvious to someone knowledgeable in that subject matter. To that end, it is important not only that having a patent or trademark be issued in a timely manner, but also that it is of high quality. Finally contributing to both timeliness and quality is the patent and trademark processes being fully automated with an ultimate goal of all patent and trademark applications being filed and managed electronically.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Patent allowance compliance rate	96.0%	96.3%	Met
Patent in-process examination compliance rate	92.0%	92.5%	Met
Patent average first action pendency (months)	26.9	25.6	Met
Patent average total pendency (months)	34.7	32.2	Met
Patent applications filed electronically	69.0%	72.1%	Met

RESULTS

The U.S. Patent and Trademark Office (USPTO) met all of its targets for this outcome. USPTO previously had a measure, "Patent applications managed electronically." However, since USPTO has achieved a level of 99.9% (effectively 100%), USPTO considers this measure achieved.

Providing quality services and products is USPTO's foremost priority. USPTO's commitment to the continuous refinement and expansion of quality initiatives is outlined in the agency's 2007-2012 Strategic Plan. Patent examinations are subjected to both end-product allowance and in-process reviews that evaluate the quality of the substantive basis for examiner decisions; applicability of publications found by the examiner; or the quality reviewer; evidence, and clarity of communications with applicants. Findings produced by these reviews are shared individually with examiners, are collected in a database for ongoing analysis, serve as the basis for the development of training programs, and are used to strengthen the review process. USPTO continues its effort to better define and identify appropriate criteria to gauge quality.

The patent allowance compliance rate is the percentage of applications allowed by examiners with no errors after being reviewed by the Office of Patent Quality Assurance. An error is defined as at least one claim within a randomly selected allowed application that would be held invalid in a court of law if the application were to issue without the required correction. In FY 2008, efforts to improve quality resulted in an allowance compliance rate of 96.3 percent, slightly better than the target of 96.0 percent. The in-process examination compliance rate is a ratio derived from the number of office actions void of deficiencies that would significantly impact the applicant's ability to advance the prosecution on the merits of the application, divided by the total number of office actions reviewed. At 92.5 percent in-process examination compliance, USPTO met its goal of 92.0 percent.

The time to process a patent application is measured in two ways: (1) first action pendency—the average time in months from filing until an examiner's initial determination is made of the patentability of an invention, and (2) total pendency—the average time in months from filing until the application issues as a patent, or is abandoned by the applicant.

USPTO strives to meet its goals of reducing pendency through a multi-pronged approach that includes hiring sufficient numbers of new examiners, retention of experienced staff, employee flexibility regarding when and where work is performed, exploring work-sharing with other patent offices, training, and electronic tools. In FY 2008, 1,211 new examiners were hired. In addition, USPTO enhanced its telework program to remotely provide patent examiners with full access to all patent systems necessary to perform their jobs from home.

Despite USPTO's significant efforts and successes, reducing the length of time for action on patent applications continues to be a key challenge. In FY 2008, average time for completing a first action increased to 25.6 months from 25.3 months. The average time for completing a final action increased to 32.2 months from 31.9 months. USPTO met both FY 2008 targets of 26.9 and 34.7 months, respectively. The number of patent applications filed increased by 100 percent, or doubled, between 1997 and 2007, reflecting the Nation's strong participation in global business growth and innovation. The Department is committed to achieving long-term reductions in pendency through a combination of hiring, retention, training, and process optimization.

USPTO continues to promote electronic filing and processing of patent applications, having converted all paper applications to electronic form. In FY 2008, USPTO began deployment of the Patent File Wrapper (PFW), a robust, text-based electronic file management system that will replace the current image-based system. In FY 2008, USPTO met its goal of 69.0 percent of patent applications filed electronically, by achieving a rate of 72.1 percent.

Performance Outcome: Optimize trademark quality and timeliness (USPTO)

The process involved in reaching this outcome is the examination of trademark applications by trademark attorneys who determine registrability under the provisions of the Trademark Act of 1946, as amended. The examination of trademark applications comprises many elements, including the utilization of electronic databases to determine whether the mark in an application is confusingly similar to any pending or registered mark, the preparation of an office action to inform applicants of the attorney's findings, the approval of applications to be published for opposition, and the examination of Statements of Use filed under the Intent to Use provisions of the Trademark Act.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Trademark first action compliance rate	95.5%	95.8%	Met
Trademark final action compliance rate	96.0%	97.2%	Met
Trademark first action pendency (months)	2.5-3.5	3.0	Met
Trademark average total pendency (months)	16.3	13.9	Met
Trademark applications filed electronically	95.0%	96.9%	Met

RESULTS

USPTO met all of its targets. USPTO previously had a measure, "Trademark applications managed electronically." However, since USPTO has achieved a level of 99.99% (effectively 100%), USPTO considers this measure achieved.

In FY 2008, the trademark first action compliance rate was 95.8 percent, above the 95.5 percent compliance target. Similarly, the final action compliance rate was 97.2 percent, also better than the 96.0 percent target.

The two primary measures used to determine trademark application processing time are: (1) first action pendency, which measures the average time, in months, from the filing date to when the examiner's first action is taken; and (2) total pendency, which is based on the average time, in months, from the filing date until the notice of abandonment, notice of allowance, or registration for applications based on use. USPTO met its FY 2008 target of between 2.5 and 3.5 months by achieving a first action pendency of 3.0 months. Trademark total pendency results were 13.9 months. USPTO met its FY 2008 target of 16.3 months.

The office met the goal for 95.0 percent of trademark applications to be filed electronically by receiving more than 96.9 percent of the applications to register a mark electronically. The trademark electronic filing system has been enhanced by continuing to expand the number and type of transactions that can be completed online and by offering reduced fees to encourage electronic communications. Options for reduced fees, system enhancements, PDF attachments, and the availability of forms that permit more electronic transactions have encouraged greater use and acceptance by trademark customers to the point where electronic filing has become the preferred method for communicating on trademark matters.

Performance Outcome: Improve intellectual property protection and enforcement domestically and abroad (USPTO)

USPTO is an integral component of the Administration's strategy to encourage innovation and strengthen the Nation's ability to compete in the global economy. To this end, USPTO advocates U.S. government IP policy, works to develop unified standards for international IP, provides policy guidance on domestic issues, and fosters innovation.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Number of instances in which External Affairs (EA) experts review intellectual property (IP) policies/standards	275	595	Exceeded
Improving worldwide IP expertise for U.S. government interests	12	14	Met
Number of Memoranda of Agreement for IP joint cooperation, plans of actions, mechanisms, and support programs initiated or implemented by developing countries as a result of the Office of Intellectual Property Policy and Enforcement (OIPPE)	15	18	Met

RESULTS

USPTO met or exceeded all of its targets.

USPTO plays a critical role in the U.S. government's efforts and obligations to provide IP technical assistance throughout the world. In FY 2008, there were 595 instances in which Office of Intellectual Property Protection and Enforcement (OIPPE) experts reviewed IP policies and standards; 14 instances where OIPPE improved worldwide IP expertise for U.S. government interests; and 18 instances where OIPPE initiated or implemented plans of action, mechanisms, or support programs in developing countries.

OIPPE's mission is to promote the development of IP systems internationally. Some recent initiatives include hosting Heads of Office meeting for the world's five largest patent offices to discuss cooperative initiatives to meet the growing patent application filing demand and improve patent quality, collaborating with counterparts in the Chinese government to improve China's intellectual property rights (IPR) administration and enforcement, placing IPR experts in six countries to support Embassy and Consulates on all IPR issues, and delivering high-level capacity building and technical assistance training to foreign judges, prosecutors, customs officials, IP enforcement personnel, and IP office officials through the USPTO Global Intellectual Property Academy (GIPA). In FY 2008, GIPA trained more than 4,100 foreign officials on best practices for strengthening IP rights and enforcement in their nations

OIPPE continued to manage a hotline (1-866-999-HALT) that helps small and medium-sized businesses leverage the resources of the U.S. government to protect their IPR in the United States and abroad. Callers receive information from a staff of IP attorneys at USPTO with regional expertise on how to secure patents, trademarks, and copyrights, and on enforcement of these rights.

STRATEGIES, PLANS, AND FUTURE CHALLENGES

USPTO continues to implement the 2007-2012 Strategic Plan which outlines specific strategies to meet the goals of optimizing patent quality and timeliness, and improving IP protection and enforcement domestically and abroad.

Strategies to reduce patent pendency and improve patent quality include enhanced recruitment to hire 1,200 new examiners a year for an extended period of time, establishment of a retention bonus program, increased training for new and existing examiners, and the creation of partnerships with universities to groom examiner candidates and increase knowledge of the patent system. Hiring alone will not achieve significant reductions in pendency without accompanying changes to the current one-size-fits-all system of examination. USPTO will, in collaboration with stakeholders, explore the feasibility of offering alternatives to better meet the differing needs of applicants, and more efficiently utilize the Agency's resources.

USPTO will continue to improve and integrate existing electronic systems to promote full electronic patent application processing. This will involve promoting the utilization of electronic text content to facilitate the examination process and increase user acceptance of electronic filing systems. USPTO will provide applicants with expanded opportunities to conduct business with USPTO electronically.

USPTO will continue to work on curbing IP theft and strengthening IP protection and enforcement in every corner of the globe. Training and assistance programs will continue to combat and deter infringement and promote honest business practices in the use and development of IP. In addition, USPTO will continue its intensive national public awareness campaign to help educate small and medium sized businesses in which participants learn what IPR is, why it is important, and how to protect and enforce these rights.

Achieving the outcome of optimizing patent quality and timeliness presents a broad spectrum of challenges. Congress and the public have recognized that the time it takes USPTO to reach a final decision on a patent application directly impacts U.S. competitiveness. A critical component to achieving the goal of timely, high-quality examinations entails the hiring and retention of more patent examiners. Unfortunately, USPTO must compete with other employers to attract and retain the most talented and sought after individuals.

Optimizing quality first requires accord between USPTO and applicants on the definition of quality and how to measure it. To maintain the U.S. system as the best patent examination system in the world, USPTO must provide applicants with products that protect their IPR while simultaneously facilitating efficient use of USPTO resources. Leveraging new technologies in pursuit of efficiency requires a vision of the examination processes of tomorrow.

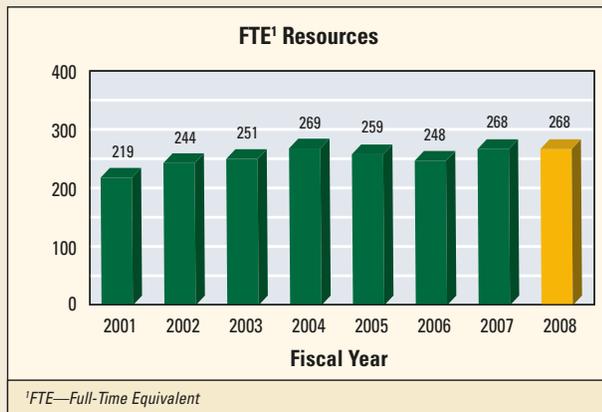
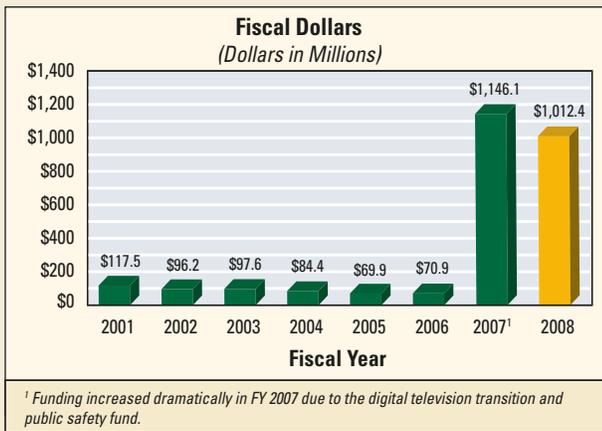
Addressing many of these challenges requires an interrelated approach to ensure that the solution to one challenge does not hamper the remedy of another. USPTO's 2007-2012 Strategic Plan provides a set of focused initiatives to ultimately produce solutions to the challenges noted above.

Increasing public awareness of various IP issues and interests and how these affect the public is an important aspect of USPTO's role. Educating the public about the USPTO's examination processes and how these relate to the use of IPR in the marketplace will help. Communicating with and informing the public about the intersection of IP issues and the news stories they read everyday will help to generate a better understanding of the role of such rights in the global economy. Promoting an understanding how the violation of IPRs affects everyone will be beneficial to improving the effectiveness of the system as a whole.

STRATEGIC OBJECTIVE 2.3

Advance global e-commerce as well as telecommunications and information services

STRATEGIC OBJECTIVE 2.3 TOTAL RESOURCES



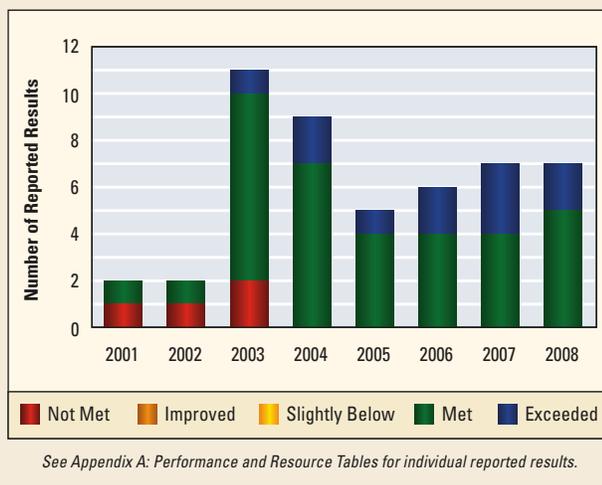
This objective focuses on the National Telecommunications and Information Administration's (NTIA) role in radio frequency (RF) spectrum management and telecommunications standards, and—in its capacity as an advisor to the President on communications policy matters—Internet domain names, wireless telecommunications standards and technology, and high-speed Internet services.

Achievement of this objective will continue to further the technological advances for wireless communication, Internet services, domain name management issues, and other advances in technology. A discussion of each performance outcome supporting this objective will further describe the outcomes of this objective.

The Department through NTIA:

- Serves as the principal advisor to the President on domestic and international communications and information policy-making.
- Promotes access to telecommunications services for all Americans and competition in domestic and international markets.
- Manages all federal use of the electromagnetic spectrum and generally promotes efficient use of spectrum.
- Conducts telecommunications technology research, including standard-setting in partnership with business and other federal agencies.

STRATEGIC OBJECTIVE 2.3 PERFORMANCE RESULTS



The Agency's expertise encompasses every aspect of telecommunications, including domestic policy, international policy, spectrum management, and technical telecommunications research and engineering. NTIA's responsibilities have expanded considerably with the enactment of the Deficit Reduction Act of 2005. Specifically, the act charged NTIA to administer a number of new one-time programs to be funded from anticipated spectrum auction proceeds associated with the transition to digital television broadcasts through the Digital Television Transition and Public Safety Fund. These programs include the (1) Public Safety Interoperable Communications (PSIC) Grant Program, (2) the Digital-to-Analog Converter Box Coupon Program, and (3) the Low-Power Television (LPTV) and translator digital conversion and upgrade programs. NTIA also leads Department activities in the areas of next-generation Internet Protocols, ultrawideband (UWB) technology, wireless broadband applications, wireless sensor technologies, and Internet technical functions.

Performance Outcome: Ensure that the allocation of radio spectrum provides the greatest benefit to all people (NTIA)

NTIA examined an array of spectrum management policy issues in FY 2008 dealing with innovative approaches to spectrum management and the effectiveness of current processes. The availability of the RF spectrum is key to the development and implementation of innovative telecommunications technologies.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Frequency assignment processing time (days)	9 or fewer	9	Met
Certification request processing time (months)	2 or fewer	2	Met
Space system coordination request processing time	90% in 14 days or fewer	95%	Met
Spectrum plans and policies processing time	Comments in 15 days or fewer	13.3 days	Met
Milestones completed from the implementation plan of the President's Spectrum Policy Initiative	22	22	Met

RESULTS

NTIA met all of its targets.

NTIA coordinated with federal agencies the Spectrum Reform Initiative implementation plan with 54 milestones to be completed by FY 2010. This initiative will fundamentally change the business of spectrum management over the next five years. The purpose of the initiative is to promote the development and implementation of a U.S. spectrum policy that will foster economic growth; ensure U.S. national and homeland security; maintain U.S. global leadership in communications technology development and services; and satisfy other vital U.S. needs in areas, such as public safety, scientific research, federal transportation infrastructure, and law enforcement. One result is the first National Strategic Spectrum Plan. NTIA also established the Department of Commerce Spectrum Management Advisory Committee, which met three times in FY 2008. This committee is comprised of a broad range of stakeholders, including representatives from state, regional, and local sectors; industry; academia; and consumer groups.

The achievements of this performance outcome are described below:

- NTIA completed and released the first Federal Strategic Spectrum Plan, which is a major result of the Spectrum Reform Initiative. The plan provides extensive data on federal spectrum use and plans, including frequency bands, radiocommunication services, and spectrum-dependent systems. Based on the plan, within the next five years, NTIA will upgrade the federal spectrum management system; consider possible user fees for federal use of spectrum; develop improved interference models for optimizing spectrum use; implement methods to better forecast future requirements; and continue to promote interagency and federal/private sector coordination.
- NTIA has improved the timeliness of processing frequency assignment requests from a target of 12 business days to nine days or fewer. This has been accomplished through business process re-engineering and IT improvements. These frequency assignments satisfy the near-term and future spectrum requirements of the 63 federal agencies to operate radiocommunications that provide the public with national and homeland security, law enforcement, transportation control, natural resource management, and other public safety services during peacetime and emergencies.
- NTIA published a report on Broadband Over Power Line (BPL), Phase 2. The analyses in the Phase 2 BPL report expand on the scope of NTIA's Phase 1 analyses and apply the Federal Communications Commission (FCC) Part 15 rules and measurement guidelines for Access BPL systems. The results of these analyses confirm that the Commission's Access BPL rules, measurement guidelines, and special protection provisions will limit the interference risks for federal radiocommunication systems.
- NTIA released the *First Annual Progress Report on the Relocation of Federal Users from the 1710-1755 MHz Spectrum Band*, which details progress from the commencement of relocation activity in March 2007 through December 2007. This is the first federal spectrum band selected for relocation pursuant to the Commercial Spectrum Enhancement Act.

Performance Outcome: Promote the availability, and support new sources, of advanced telecommunications and information services (NTIA)

NTIA participated on behalf of the Administration in FCC and Congressional proceedings on telecommunications policies, including the development of appropriate regulatory treatment for broadband services deployment. NTIA made significant progress in implementation of programs required under the Digital Television Transition and Public Safety Fund. A number of Internet related policy issues required NTIA action, including continuing Internet privatization, domain name management both domestically and internationally, and next generation Internet Protocols. All of these activities required substantial coordination among NTIA's program offices, as well as interagency coordination to develop the Administration's positions.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Support new telecom and information technology by advocating Administration views in number of FCC docket filings, and Congressional and other proceedings in which Administration views are advocated	5 dockets and proceedings	11 dockets and proceedings	Exceeded
Number of Web site views for research publications	75,000/month	127,000/month	Exceeded

RESULTS

NTIA exceeded both of its targets.

The achievements of this performance outcome are described below:

- NTIA successfully launched the Coupon Program on January 1, 2008. Since that time, consumers across the Nation have been ordering coupons through one of four convenient methods: via a toll-free number (1-888-DTV-2009), online at www.DTV2009.gov, by mail, or by fax. The level of consumer participation in the Coupon Program has been extremely high. Coupon requests have been averaging approximately 104,000 per day. NTIA is also very pleased with the high level of participation in the Coupon Program by converter box manufacturers. NTIA has certified 185 converter boxes designed for the exclusive statutory purpose of enabling a consumer to view digital broadcast signals on an analog television.
- NTIA's continuing consumer education campaign is focused on educating U.S. residents who receive broadcasts on analog television sets about the digital transition and the Coupon Program. NTIA pays special attention to vulnerable audiences such as over-the-air senior, minority, disabled, low-income, and rural households who are at a greater risk of losing all television service as a result of the digital transition. NTIA is working with print, broadcast, and electronic media, and engaging partners to disseminate information nationally, regionally, and locally. NTIA also is working with 17 federal departments and agencies with direct communications to vulnerable populations, including USDA, HHS's Administration on Aging, and the Department of Veterans Affairs.
- NTIA, on behalf of the Department, conducted a mid-term review of the Department's Joint Project Agreement (JPA) with the Internet Corporation for Assigned Names and Numbers (ICANN). The JPA is a continuation of a series of agreements between the Department and ICANN to facilitate the transition of the technical coordination of the management functions related to the Internet domain name and addressing system (DNS) to the private sector. Although views during the midterm review represent diverse perspectives, there was general consensus on the need to preserve the security and stability of the DNS and the recognition that ICANN is the appropriate technical coordinator of the Internet DNS. ICANN has made significant progress in several key areas, but most participants agree that important work remains to increase institutional confidence through implementing effective processes that will enable long-term stability, accountability, responsiveness, continued private-sector leadership, stakeholder participation, increased contract compliance, and enhanced competition. NTIA will continue to monitor ICANN's performance in meeting the 10 responsibilities articulated in the annex to the JPA.
- NTIA testified eight times during FY 2008 before House and Senate Committees about the transition to Digital TV and Public Safety Communications Interoperability.
- During FY 2008, the Public Telecommunications Facilities Program (PTFP) awarded \$19 million to assist public radio, public television, and nonbroadcast (distance learning) projects across the country with the following breakout:
 - \$9 million to 31 grantees to assist in the digital conversion of public television facilities.
 - \$4.5 million (22 grants) to extend new public radio and television service.
 - \$4.5 million (53 projects) to replace urgently needed equipment at public radio stations and television stations and to convert stations to digital broadcasting.
 - Approximately \$0.9 million to the University of Hawaii for three distance learning grants and one grant for the PEACESAT (Pan-Pacific Educational and Cultural Experiments by Satellite) project.

Included in the above radio and television awards are 12 grants so six public radio stations and 15 public television stations can purchase generators or uninterruptible power supply (UPS) systems to enable the stations to continue public service programming during times of emergency.

The data used to evaluate the effectiveness of performance outcome achievements are reviewed quarterly and the Department attests to the accuracy and reliability of the data. Data on the timeliness of processing frequency assignment requests are maintained by the Office of Spectrum Management. All other data are published on the NTIA Web site.

STRATEGIES, PLANS, AND FUTURE CHALLENGES

NTIA will direct the bulk of NTIA's resources toward achieving the President's goal of spectrum management reform. NTIA will facilitate a modernized and improved spectrum management system and facilitate economic incentives for more efficient and beneficial use of spectrum. NTIA's other spectrum management activities include:

- Identifying and supporting new wireless technologies that promise innovative applications for customers of the federal and private sectors.
- Providing the 63 federal agencies with the spectrum needed to support their missions for national defense, law enforcement and security, air traffic control, national resource management, and other public safety services.
- Developing plans and policies to use the spectrum effectively.
- Satisfying U.S. future spectrum needs globally through participation with the 190 other countries of the International Telecommunication Union in establishing binding treaty agreements through world radiocommunication conferences.
- Improving, through telecommunications research and engineering, the understanding of radio-wave transmission thereby improving spectrum utilization and the performance of radiocommunications systems.

NTIA will also work with the Department of Homeland Security (DHS) on the development of standards for the interoperability of public safety systems and on the continuing implementation of Spectrum Relocation Fund legislation. NTIA will continue work with the Department of Transportation (DOT) on implementation of the Enhanced 911 Act. NTIA will continue work with ICANN on the management of the Internet DNS. NTIA will also participate on behalf of the Administration in Digital TV transition policy-making and implementation of Internet Protocol Version 6 (IPv6).

In today's era of modern communications, RF spectrum is critical. Current spectrum management policies are under increasing strain as the demand for existing spectrum-based services grows and new spectrum-related technologies and applications emerge. Working with all affected parties in the federal government and the private sector, NTIA and the Department must find ways to implement the recommendations developed through the President's Spectrum Policy Initiative to foster economic growth; ensure U.S. national and homeland security; maintain U.S. global leadership in communications technology development and services; and satisfy other vital U.S. needs in areas such as public safety, scientific research, federal transportation infrastructure, and law enforcement. Also, NTIA and the FCC must coordinate the development of a National Strategic Spectrum Plan.

NTIA and the Department must also continue promotion of universal and affordable broadband access. Some of the most promising new broadband technologies are wireless. By expanding the amount of spectrum available for commercial uses, the Department will increase high-speed Internet access. In an era of rapidly changing new technologies, like mobile wireless, high-speed fiber

optics, and expanded broadband deployment, government policies should favor customer choice. Regulatory stability in the telecommunications sector will promote both competition and investment. Developing these policy frameworks to support these goals is the challenge facing NTIA and the Department.



STRATEGIC GOAL 3





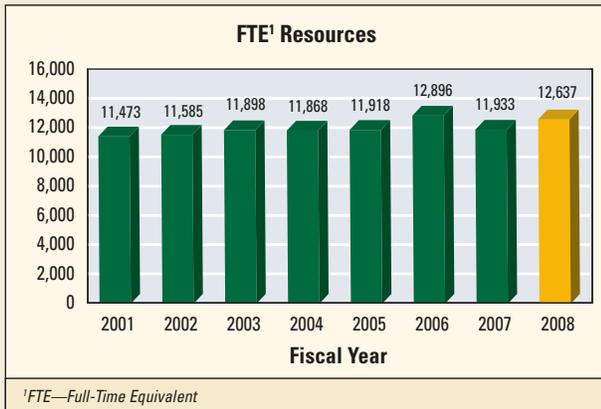
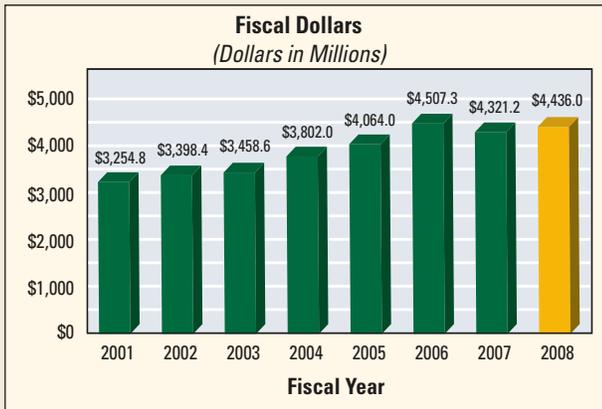
STRATEGIC OBJECTIVE	TARGETS MET OR EXCEEDED
Protect, restore, and manage the use of coastal and ocean resources (NOAA)	8 of 8
Advance understanding of climate variability and change (NOAA)	6 of 6
Provide accurate and timely weather and water information (NOAA)	9 of 10
Support safe, efficient, and environmentally sound commercial navigation (NOAA)	4 of 6



STRATEGIC GOAL 3

Promote environmental stewardship

STRATEGIC GOAL 3 TOTAL RESOURCES

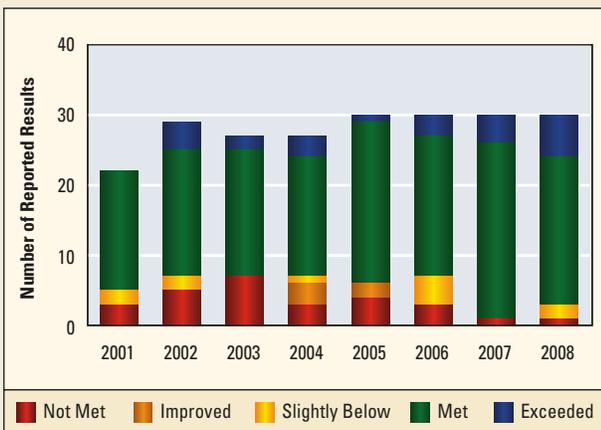


¹FTE—Full-Time Equivalent

The Department has responsibilities for the environment, ecosystems, safety, and commerce of the Nation that span oceanic, coastal, and atmospheric domains. Understanding the oceans and atmosphere is essential to sustaining U.S. environmental and economic health. The Department provides products and services that are a critical component of the daily decisions made across the United States. From hurricane tracking to El Niño and harmful algal bloom predictions, navigational charts to fish stock assessments, severe weather forecasts to coastal zone management—the Department’s future-oriented science, service, and stewardship missions touch the life of every citizen in the United States and in much of the world every day.

Together the Department and its partners provide weather and climate services; conduct atmospheric, climate, and ecosystems research; manage and protect fisheries and sensitive marine ecosystems; promote efficient and environmentally safe commerce and transportation; and provide emergency response and vital information in support of homeland security. The breadth and scope of these services require the Department to be responsive to both short-term and long-term societal needs.

STRATEGIC GOAL 3 PERFORMANCE RESULTS

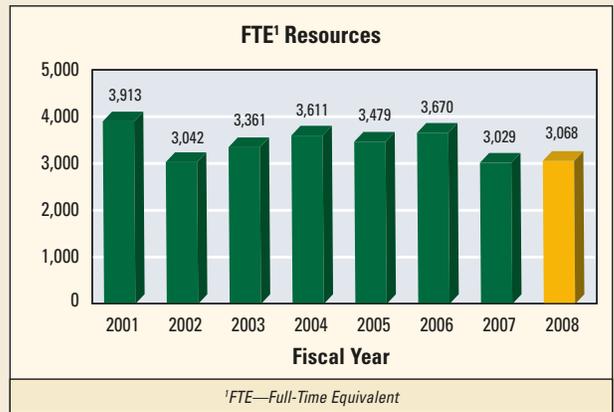
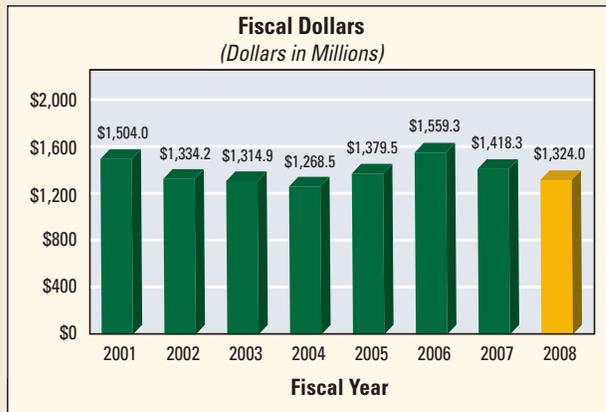


See Appendix A: Performance and Resource Tables for individual reported results.

STRATEGIC OBJECTIVE 3.1

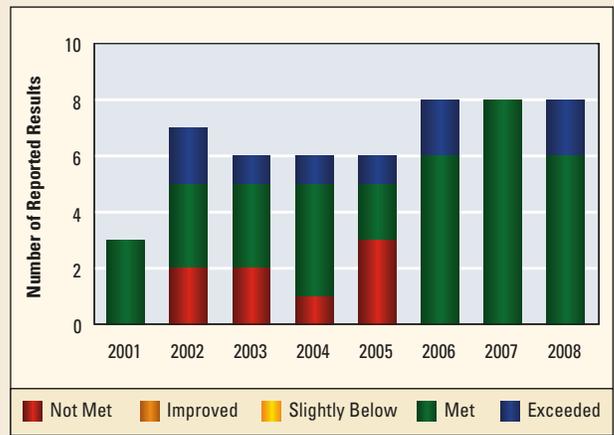
Protect, restore, and manage the use of coastal and ocean resources

STRATEGIC OBJECTIVE 3.1 TOTAL RESOURCES



Coastal areas are among the most developed in the Nation, with over half the population living on less than one-fifth of the land in the contiguous United States. At over 230 persons per square mile, the population density of the near shore is three times that of the Nation as a whole. The portion of the U.S. economy that depends directly on the ocean is also large, with 2.2 million people employed and over \$197 billion in value added to the national economy in 2003. Approximately 89 million people go to U.S. coasts for vacation and recreation every year. The amount added annually to the national economy by the commercial and recreational fishing industry alone is over \$43 billion, with an additional \$1 billion of marine and freshwater aquaculture sales. With its Exclusive Economic Zone of 3.4 million square miles, the United States manages the largest marine territory of any nation in the world. Within this context, the National Oceanic and Atmospheric Administration (NOAA) works with its partners to achieve a balance between the use and protection of these resources to ensure their sustainability, health, and vitality for the benefit of this and future generations, and their optimal contribution to the Nation's economy and society.

STRATEGIC OBJECTIVE 3.1 PERFORMANCE RESULTS



See Appendix A: Performance and Resource Tables for individual reported results.

PERFORMANCE MEASURE (NOAA)	TARGET	ACTUAL	STATUS
Fish stock sustainability index (FSSI)	530.5	535	Met
Percentage of living marine resources (LMR) with adequate population assessments and forecasts	41.1%	41.1% ¹	Met

(continued)

PERFORMANCE MEASURE (NOAA) <i>continued</i>	TARGET	ACTUAL	STATUS
Number of protected species designated as threatened, endangered, or depleted with stable or increasing population levels	22	22 ¹	Met
Number of habitat acres restored (annual/cumulative)	9,000/47,488	11,254/49,742	Exceeded
Annual number of coastal, marine, and Great Lakes ecological characterizations that meet management needs	45	45	Met
Cumulative number of coastal, marine, and Great Lakes issue-based forecasting capabilities developed and used for management	38	38	Met
Percentage of tools, technologies, and information services that are used by NOAA partners/customers to improve ecosystem-based management	86%	86%	Met
Annual number of coastal, marine, and Great Lakes habitat acres acquired or designated for long-term protection	2,000	6,219	Exceeded

¹ Estimate. Final – December 2008.

RESULTS

NOAA met or exceeded all of its targets in FY 2008.

Significant Progress in Eliminating Overfishing

NOAA continued its efforts to eliminate overfishing of stocks important to commercial, recreational, and subsistence fisheries. In FY 2008, overfishing of three commercially valuable stocks ended: Petrale Sole, Bigeye Tuna (Atlantic), and Finetooth Shark (Atlantic). NOAA also set management measures to constrain harvest of red snapper and gray triggerfish to their respective catch levels and added annual catch limits and accountability measures for each species. It also established a gray triggerfish rebuilding plan. In addition, NOAA took important steps to end overfishing of the bottomfish stock complex in the Main Hawaiian Islands, including the establishment of permits and reporting for non-commercial fishermen, total annual catch management, and annual closure and bag limits. Further progress on eliminating overfishing is anticipated from the implementation of annual catch limits for all stocks per the provisions of the Magnuson-Stevens Reauthorization Act.

More Market-Based Approaches to Fisheries Management

NOAA added one Limited Access Privilege Program (LAPP) in 2008: Bering Sea Groundfish (non-Pollock) Cooperatives. There are now 12 LAPPs in operation with NOAA anticipating having 14 LAPPs in operation in FY 2010 and 16 in FY 2011. A 13th LAPP, an Individual Fishing Quota (IFQ) program for the general category sea scallop fishing industry in New England, is being implemented. This program was established by Amendment 11 to the Atlantic Sea Scallop Fishery Management Plan, finalized in April 2008, and is only the second IFQ program implemented in New England. NOAA has received close to 1,000 applications from fishermen interested in participating in the program.

Pesticides Consultations

NOAA assessed the effects of pesticides on 28 listed Pacific salmonids in the Pacific Northwest and California, the first comprehensive evaluation NOAA completed on the effects of pesticides on listed salmonids. NOAA concluded that the use of these pesticides is likely to jeopardize listed Pacific salmonids and adversely modify their critical habitat. This consultation will lead to changes in the registration and use of pesticides in the Pacific Northwest to better protect salmonids. The National Marine Fisheries Service (NMFS) will consult on an additional 34 pesticides in the coming years.

NOAA Restores and Opens Access to Vital Fish Habitat

In 2008, NOAA restored, improved and protected more than 17,000 habitat acres. NOAA's habitat restoration, protection, and improvement efforts improve water quality and quantity and increase "green armor" in U.S. coastal areas, creating strong, natural coastlines that serve as effective buffers against storm damage. NOAA programs open freshwater rivers and streams to migrating fish, allowing them to spawn in healthier habitats, which enhances the overall health of the river systems and improves the local economy. In July, NOAA completed the first phase of a two-phase dam removal project to open access to salmon habitat on the mainstem of the Rogue River in Jackson County, OR. NOAA and its partners removed Gold Hill Dam, which was no longer in use and had become a safety and maintenance concern. NOAA will complete the second phase in 2009, opening access to 15 miles of high-quality spawning and rearing habitat for salmon.

NOAA Protects Consumers from Seafood Fraud

During 2008, NOAA made significant progress in combating the fraudulent mislabeling of seafood products. Through cooperation with the Federal Bureau of Investigation (FBI), U.S. Customs and Borders Protection, and U.S. Food And Drug Administration (FDA), NOAA seized thousands of pounds of falsely labeled seafood and successfully indicted or convicted many individuals involved in these illegal activities.

NOAA Releases "The State of Coral Reef Ecosystems of the United States and Pacific Freely Associated States: 2008"

At the International Coral Reef Symposium in Fort Lauderdale, FL, NOAA publicly released the third in a series of status reports assessing the condition of coral reef ecosystems in 15 locations ranging from the U.S. Caribbean and Gulf of Mexico to the western Pacific. The report details impacts of 13 major threats in each location while offering recommendations for on-the-ground conservation actions. Since 2005, newly recognized threats such as ocean acidification have emerged while other threats have intensified, including the 2005 regional mass coral bleaching and disease event and stressors like coastal development, recreational and commercial fishing, tourism and recreational use, vessel damage, and marine debris.

New Report on Coastal Waters Shows Decline in Contaminants

The National Centers for Coastal Ocean Science (NCCOS) released a 20-year study, *NOAA National Status and Trends Mussel Watch Program: An Assessment of Two Decades of Contaminant Monitoring in the Nation's Coastal Zone from 1986-2005*, showing that environmental laws have had a positive effect on reducing overall contaminant levels in coastal waters of the United States. However, the report points to continuing concerns with elevated levels of metals and organic contaminants found near urban and industrial areas of the coasts. The economies of many coastal regions are dependent on healthy, productive marine resources, such as fish and shellfish.

NCCOS Successfully Predicted New England Red Tide Outbreak, Tracked Its Progress and Provided Assistance

NOAA's New England Red Tide Information Center Web site (<http://oceanservice.noaa.gov/redtide>) continues to provide updates on the location and extent of the "red tide." The algal species, *Alexandrium*, which produces paralytic shellfish poisoning (PSP), a potent toxin that accumulates in shellfish and can cause illness in humans who eat them, usually begins to appear in Maine's coastal waters in late April. The Web site provides information and Web links to enable the public and the media to understand what a red tide is, required safety measures to follow, maps of closed shellfish harvesting areas, and how NOAA and its partners are responding to the situation. NOAA has developed harmful algal bloom prediction capabilities for the Gulf of Maine which represent the most advanced ecological forecasts of their type in the world. State agencies are using these forecasts to help direct their monitoring for the algal toxin to ensure the protection of human health and local economies. To date, some shellfish harvesting areas have been closed in Maine, Massachusetts, and New Hampshire. Other shellfish beds in Massachusetts and Long Island Sound are closed due to the *Alexandrium*-produced toxin, but these are thought to be isolated events not linked to the Gulf of Maine bloom.

OCRM Coastal and Marine Resources Program, Coastal and Estuarine Land Conservation Program (CELCP), and National Coastal Zone Management (CZM) Program Protected Over 12,000 Acres

In FY 2008, CELCP staff continued to work closely with coastal state and local partners to help them protect high priority coastal land. Thirty-five CELCP-funded properties were or are anticipated to be acquired or put under easement this fiscal year, resulting in the protection of over 8,000 acres of critical coastal habitat. In FY 2008, the Office of Ocean and Coastal Resource Management (OCRM) awarded \$68.3 million to state and territory CZM programs to implement their state CZM and coastal nonpoint source programs. The CZM program is a partnership between OCRM and coastal states to effectively protect and manage the Nation's coasts. OCRM assists states in planning and community development and other activities to protect and restore habitats, mitigate hazards, protect water quality, and enhance public access to coastal areas. The CZM program works with coastal states to conserve habitat in the Nation's coastal zone, including wetlands, estuaries, and beach and dunes. In FY 2008, coastal states reported that the CZM program provided resources to protect, restore, and create over 4,600 acres of coastal habitat.

CRCP Released Its Roadmap for the Future

In FY 2008, the NOAA Coral Reef Conservation Program (CRCP) received over \$29 million to support activities to conserve, manage, and understand coral reef ecosystems in the United States and around the world. The funding allowed NOAA to implement over 150 projects within the Agency, fund four coral reef research institutes, and provide over \$11.6 million in grants for additional external projects.

In FY 2008, the CRCP released a 'Roadmap for the Future' to set the program's direction for FY 2010-2015, laying out new CRCP principles and priorities, and a process for implementing the proposed changes. The program will primarily focus its efforts on addressing coral reef management needs by emphasizing work on understanding and addressing three key threat areas: the impacts of fishing, land-based sources of pollution, and climate change.

The launch of the International Year of the Reef (IYOR) 2008 in January marked the beginning of a year-long campaign of events and activities hosted by a wide range of governments and nongovernmental organizations (NGO) around the world. IYOR's purpose is to raise awareness of the importance of coral reef ecosystems, the threats they face, important activities that are underway, and additional actions that are still needed.

NOAA also released a report titled *The State of Coral Reef Ecosystems of the United States and Pacific Freely Associated States: 2008*. This report represents an evolving effort to assess the condition of coral reef ecosystems at local, regional, and national scales, and serves as a vehicle for the dissemination of information about data collection activities in the United States and Freely Associated States. It provides information according to the primary threats, topics, and goals outlined in the National Coral Reef Action Strategy and other guidance documents developed by the CRCP, the U.S. Coral Reef Task Force, and its member organizations. The CRCP graded the coral ecosystems on a five-tier scale: excellent, good, fair, poor, and unknown, with nearly half of U.S. coral reef ecosystems considered to be in poor or fair condition.

Twelfth Annual Coral Disease Research Cruise Studied Keys' Reefs

A dozen scientists from NOAA and partnering universities and organizations monitored the health of coral reefs along almost 200 miles of the Florida Reef Tract as part of an annual research cruise. Each year the researchers will perform more than 80 dives at approximately 50 fixed reef research stations, surveying for coral disease and bleaching to better understand the decline of reef health in the Florida Keys and Caribbean. Since 1997, NOAA and its partners have been monitoring fixed reef stations within the Florida Keys National Marine Sanctuary, recording observations annually, and providing a solid scientific baseline with which to better understand the causes and processes of coral disease.

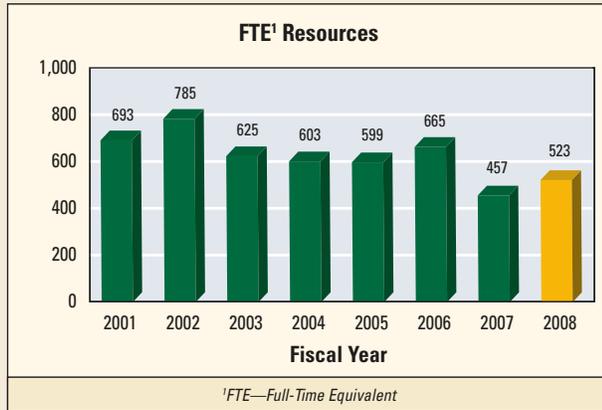
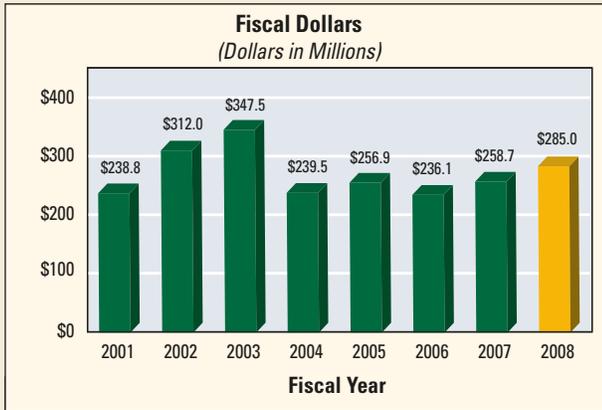
New Resources for Marine Sanctuaries

- NOAA released the draft management plan for the Stellwagen Bank National Marine Sanctuary. The plan recommends specific actions to address issues impacting the sanctuary, and serves as a non-regulatory policy framework for addressing the issues facing the sanctuary over the next five years. It lays the foundation for restoring and protecting the sanctuary's ecosystem, details the human pressures that threaten the qualities and resources of the sanctuary, and recommends actions that should be taken both now and in the future to better manage the area and resources.
- NOAA announced that the United Nations would be designating the Papahānaumokuākea Marine National Monument as a Particularly Sensitive Sea Area (PSSA). The monument, which encompasses a 1,200-mile stretch of coral islands, seamounts, banks, and shoals in the Northwest Hawaiian Islands, provides habitat for more than 7,000 marine species and contains 4,500 square miles of pristine coral reefs. It is the 12th PSSA in the world, and the second in U.S. waters (the other is the Florida Keys National Marine Sanctuary). The PSSA designation deems an area deserving of special protection because of its significance for recognized ecological, socioeconomic, or scientific reasons and its potential vulnerability to damage from international maritime activities. PSSAs are recognized internationally and include a mandatory ship reporting system for vessels that transit through them.
- NOAA launched a new online multimedia library offering free public access to thousands of high-resolution, ocean-related photos and videos taken by NOAA scientists, educators, divers, and archaeologists who are in the field capturing these images every day. The National Marine Sanctuaries Media Library is a comprehensive database containing a collection of high-quality still images and video footage featuring all 13 national marine sanctuaries and the Papahānaumokuākea Marine National Monument. The database is fully searchable by keyword, category, and location, and all the assets are tagged with relevant information, including image quality and usage rights. Users can access the new media library by visiting <http://marinelife.noaa.gov>.
- Several new vessels debuted for the Office of National Marine Sanctuaries in 2008 and will soon be stationed throughout the National Marine Sanctuary System. The research vessel MANTA and two as-yet-unnamed 41-foot vessels will provide greater flexibility, safety, and efficiency in the daily operations of sanctuary staff. These ships will enhance the capabilities of staff at several of the national marine sanctuaries to conduct research, monitoring, education, enforcement, and emergency response missions as they work to preserve, protect, and manage U.S. sanctuaries now and in the future.

STRATEGIC OBJECTIVE 3.2

Advance understanding of climate variability and change

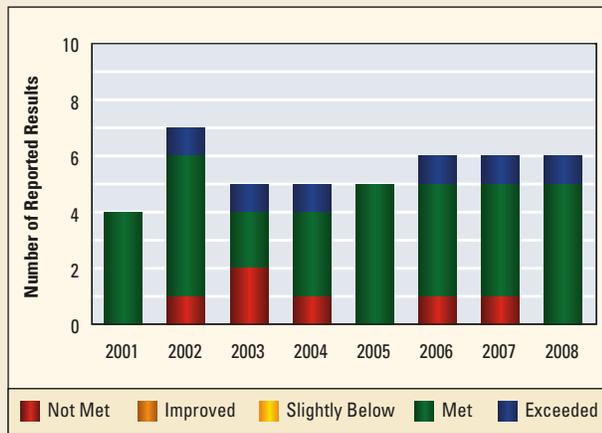
STRATEGIC OBJECTIVE 3.2 TOTAL RESOURCES



Society exists in a highly variable climate system with conditions changing over the span of seasons, years, decades, and centuries. Given such stresses as population growth, drought, and increasing demand for fresh water, it is essential for NOAA to provide reliable observations, forecasts, and assessments of climate, water, and ecosystems to enhance decisionmakers' ability to minimize climate risks. This information supports decisions regarding community planning, business management, and natural resource and water planning.

In FY 2008, NOAA continued its efforts to obtain the best science through the Climate Change Science Program (CCSP) and NOAA Climate Program. NOAA accomplished this through its continuing role as lead agency of the interagency CCSP. In addition, NOAA increased the production of climate information and services for decisions, including Synthesis and Assessment Reports, the fourth Intergovernmental Panel on Climate Change (IPCC) Climate Change Assessment, and implementation of the National Integrated Drought Information System (NIDIS).

STRATEGIC OBJECTIVE 3.2 PERFORMANCE RESULTS



See Appendix A: Performance and Resource Tables for individual reported results.

PERFORMANCE MEASURE (NOAA)	TARGET	ACTUAL	STATUS
U.S. temperature forecasts (cumulative skill score computed over the regions where predictions are made)	19	25	Exceeded
Uncertainty in the magnitude of the North American carbon uptake	0.40 GtC/year	0.40 GtC/year	Met
Uncertainty in model simulations of the influence of aerosols on climate	15% improvement	15% improvement ¹	Met
Determine the national explained variance (%) for temperature and precipitation for the contiguous United States using U.S. Climate Reference Network (USCRN) stations	Temperature-96.0% Precipitation-95.0%	Temperature-98.0% Precipitation-95.1%	Met
Error in global measurement of sea surface temperature	0.50°C	0.50°C	Met
Ability of society to plan and respond to climate variability and change using NOAA climate products and information	35 assessments/ evaluations	37 assessments/ evaluations	Met

¹ Estimate. Final – December 2008.

RESULTS

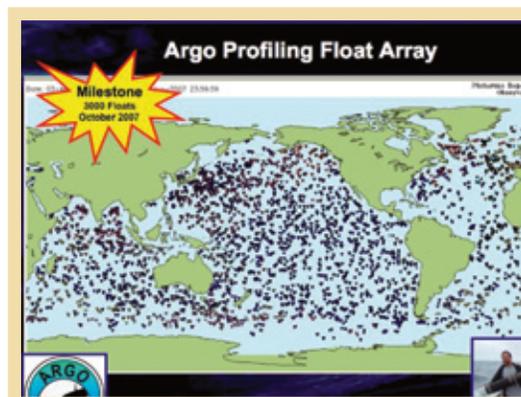
NOAA met or exceeded all of its targets in FY 2008.

Interactions among Phytoplankton, Clouds, Solar Heating, and Nitrogen Limitation Influence Global Climate Change

NOAA and the University of South Alabama-Mobile scientists report findings of a biologically mediated ocean-atmospheric mechanism that improves understanding of climate regulation and climate change. Phytoplankton produce the climatically active gas dimethyl sulfide (DMS), which through chemical alterations in the atmosphere, increase the solar reflectance of clouds, and thereby decrease solar heating of the ocean and earth's surface. The scientists report that solar heating itself promotes nitrogen limitation in the surface ocean, which they found increases the production of DMS and its precursor molecule (dimethylsulfoniopropionate, DMSP) by phytoplankton. These results indicate that feedback interactions among solar heating, nitrogen-limitation, and biological DMS production represent a fundamental mechanism influencing cloud dynamics, solar heating, and climate.

NOAA Installs Its 3000th Argo Buoy and Achieves Its Goal of Reducing Temperature Measurement Error

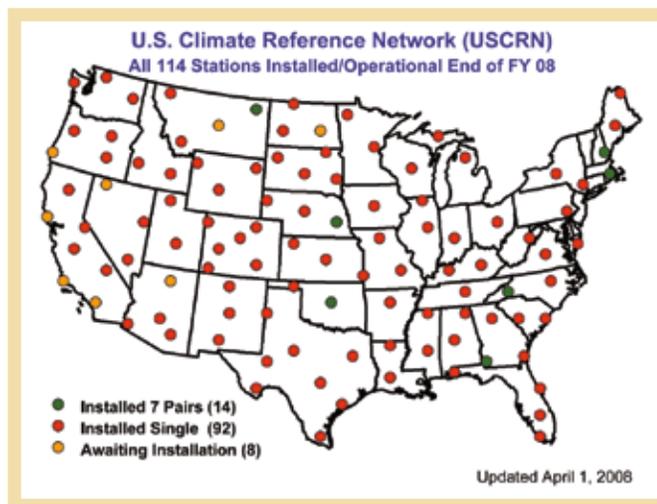
The heat content of the upper 2,000 meters of the world's oceans, and the transfer of that heat to and from the atmosphere, are variables central to the climate system. Global sea level change is directly related to the ocean's heat content—as the ocean's temperature rises the water expands and thus sea level rises. The Argo array of profiling floats is designed to provide essential broad-scale, basin-wide monitoring of the



upper ocean heat content. The initial goal of three thousand Argo floats in active service was achieved in October 2007. This subsystem supports climate services by providing measurements needed to (1) document heat uptake, transport, and release by the ocean; (2) document global sea level change; and (3) document the air-sea exchange of heat and water and the ocean's overturning circulation. These measurements contribute to the performance goal of reducing sea surface temperature measurement errors to limits acceptable for documenting climate scale changes in the ocean. The reduction of measurement error depends directly on achieving complete global coverage by the *in situ* networks, in conjunction with continuous satellite missions. With the addition of more Argo floats during FY 2008, NOAA achieved its goal of reducing the error to 0.5°C in FY 2008.

NOAA Completes Climate Reference Network in Continental United States

In FY 2008, NOAA finished installing the stations comprising the U.S. Climate Reference Network (USCRN). These 114 stations track national average changes in temperature and precipitation trends with exceptional precision and accuracy. The USCRN is helping to pinpoint the shifts in the Nation's changing, often unpredictable climate. The placement of each USCRN station is crucial to obtaining accurate information on current and likely future climatic conditions. All stations are constructed in rural environments, away from urban areas that could confound the interpretation of any precipitation and/or temperature trends observed. Each USCRN station logs real-time measurements of surface temperature, precipitation, wind speed, and solar radiation. NOAA's geostationary satellites relay the data from these ground-based stations to the National Climatic Data Center, which posts the observations online. As a result of installing the additional stations, NOAA exceeded its goal of improving the percentage of explained variance for temperature and precipitation. Its goal was to reach at least 98 percent explained variance for temperature, and it actually reached 98.04 percent; its goal was to reach at least 95 percent explained variance for precipitation, and it actually reached 95.1 percent.



New Seasonal Coral Bleaching Forecasts Developed

A project funded by the first Climate Program Office Sectoral Applications Research Program (SARP) grants competition (in FY 2006) generated a new decision support product for coral reef managers—seasonal bleaching forecasts. The forecasting system was developed by NOAA scientists at Earth System Research Laboratory (ESRL) and NOAA's Coral Reef Watch program. The system uses NOAA experimental sea surface temperature forecasts (for up to three months) to develop maps of anticipated coral bleaching severity in upcoming months. For 2008, the forecast predicted that there is a widespread risk of bleaching in the Northwest Hawaiian Islands in August, as well as limited, but not severe, bleaching in the Caribbean this summer. Coral bleaching is caused by a variety of stresses, especially increased ocean temperatures, which cause the coral to expel symbiotic micro-algae living in their tissues that provide corals with food and their color.

New NOAA Tools Allowed Improved Monitoring and Predictions of the 2007 U.S. Drought

A recent study on the early 2007 drought in the western and southern regions of the United States tested the newly developed Drought Monitoring and Prediction System (DMAPS). This system provides near real-time monitoring and prediction of drought, an

invaluable tool for drought preparation and impact assessment at national to regional scales. The DMAPS uses the North America Land Data Assimilation System, the Variable Infiltration Capacity model, and seasonal climate forecasts from the National Centers for Environmental Prediction (NCEP) Climate Forecast System for providing quantitative assessments of drought. The Climate Program Office Climate Prediction Program supported the development of the DMAPS.

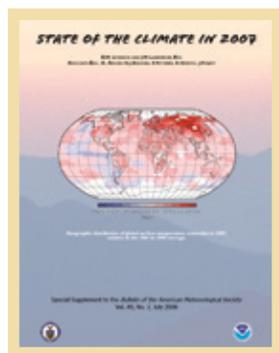
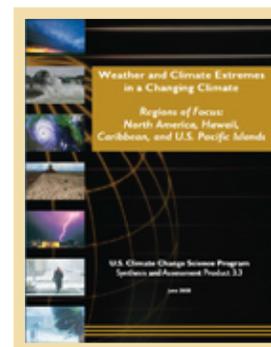
Implemented Global Ocean Data Assimilation System (GODAS) Upgrade

Over the last few years a new GODAS was developed to be the replacement for the Pacific ODAS, and to provide the oceanic initial conditions for the new NCEP coupled Climate Forecast System. During 2008, the GODAS was extended from a depth of 750 meters to a depth of 2,175 meters. This action corrected a troublesome temperature bias in the deeper ocean waters which impacts seasonal prediction of tropical sea surface temperature and, therefore, seasonal forecasts globally. In addition, the lag between observation time and analysis time was reduced from seven days to one day, thereby making the GODAS more representative of real-time ocean conditions. Lastly, two new forecast members were added to the daily Climate Forecast System runs to make a four-member per day ensemble. These additional runs provide more statistically reliable results for forecasts in the three-to-six-month lead time frame. The expected benefits from this upgrade include improvement in the Climate Prediction Center Week 2 and U.S. hazards assessments forecast, improved spread in the monthly Climate Forecast System forecasts, reduced temperature bias in global intermediate waters for real-time ocean condition monitoring, and improved Climate Prediction Center forecasts in the three-to-six-month period.

CCSP Synthesis and Assessment Product 3.3 Release

In June 2008, the CCSP and the Subcommittee on Global Change Research released a scientific assessment that provided the first comprehensive analysis of observed and projected changes in weather and climate extremes in North America and U.S. territories.

Among the major findings reported in *Weather and Climate Extremes in a Changing Climate* is that droughts, heavy downpours, excessive heat, and intense hurricanes are likely to become more commonplace as humans continue to increase the atmospheric concentrations of heat-trapping greenhouse gases. Global warming over the past 50 years is due primarily to human-induced increases in heat-trapping gases, according to the report. Many types of extreme weather and climate event changes have been observed during this time and continued changes are projected for this century. The report is based on scientific evidence that a warming world will be accompanied by changes in the intensity, duration, frequency, and geographic extent of weather and climate extremes.



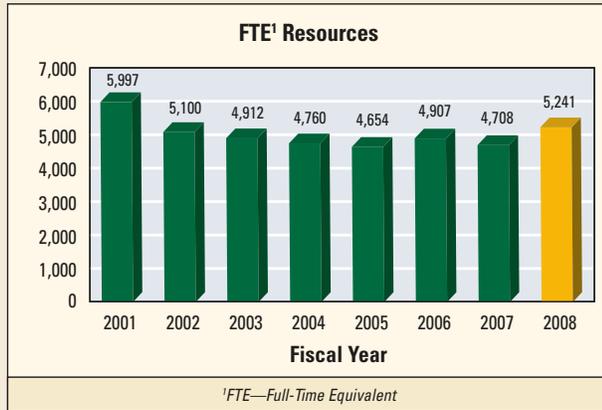
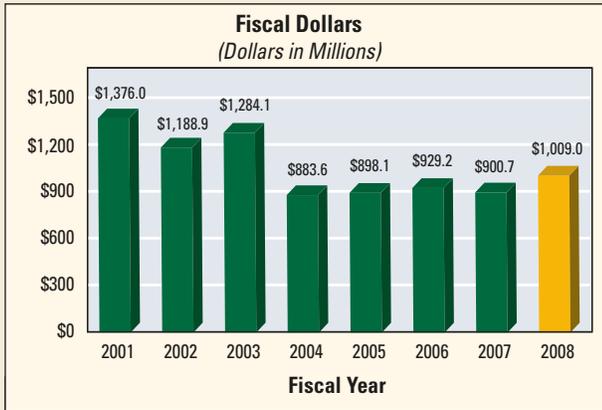
Annual State of the Climate Report

The *State of the Climate in 2007* report, published as a supplement of the *Bulletin of the American Meteorological Society*, provides a summary of global climate conditions for the year. This 170-page report was spearheaded by NOAA's National Climatic Data Center scientists, who teamed with over 200 scientists from more than 50 countries. The report, which contains extensive climate information about 2007, highlights last year's tropical cyclones of record intensity and extreme weather and climate conditions that impacted each continent.

STRATEGIC OBJECTIVE 3.3

Provide accurate and timely weather and water information

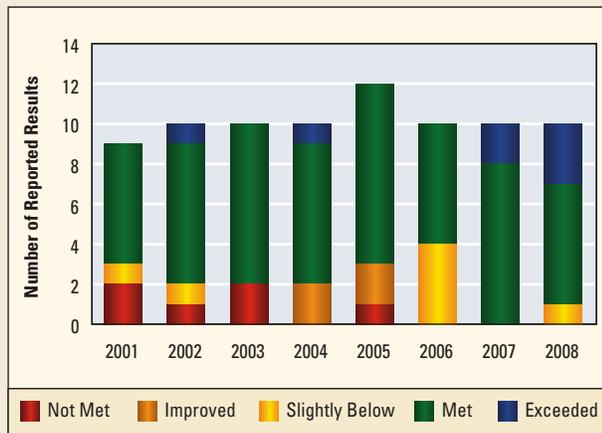
STRATEGIC OBJECTIVE 3.3 TOTAL RESOURCES



The Department's role in understanding, observing, forecasting, and warning of weather events is expanding. The Department is conducting sound, scientific research and providing integrated observations, predictions, and advice for decisionmakers who manage environmental resources, ranging from fresh water supplies to coastal ecosystems to air quality.

Realizing that the Department's information and services bridge both weather and climate time scales, the Department will continue to collect and analyze environmental data and issue forecasts and warnings that help protect life and property and enhance the U.S. economy. The Department is committed to excellent customer service and depends on its partners in the private sector, academia, and government to add value and help disseminate critical weather and climate information. The Department will expand services to support evolving national needs, including those associated with space weather, freshwater and coastal ecosystems, and air quality prediction.

STRATEGIC OBJECTIVE 3.3 PERFORMANCE RESULTS



See Appendix A: Performance and Resource Tables for individual reported results.

PERFORMANCE MEASURE (NOAA)	TARGET	ACTUAL	STATUS
Cumulative percentage of U.S. shoreline and inland areas that have improved ability to reduce coastal hazard impacts	32%	32%	Met
Severe weather warnings for tornadoes (storm-based) – Lead time (minutes)	11	15 ¹	Exceeded
Severe weather warnings for tornadoes (storm-based) – Accuracy (%)	67%	73% ¹	Met
Severe weather warnings for tornadoes (storm-based) – False alarm rate (%)	74%	72% ¹	Met
Severe weather warnings for flash floods – Lead time (minutes)	48	81 ¹	Exceeded
Severe weather warnings for flash floods – Accuracy (%)	90%	92% ¹	Met
Hurricane forecast track error (48 hours) (nautical miles)	110 ²	86 ²	Exceeded
Accuracy (%) (threat score) of day 1 precipitation forecasts	29%	32%	Met
Winter storm warnings – Lead time (hours)	15	17	Met
Winter storm warnings – Accuracy (%)	90%	89%	Slightly Below

¹ Projected. Final – December 2008.
² Reflects 2007 target and actual results. 2008 results not available until February 2009.

RESULTS

NOAA met or exceeded nine of 10 targets. For the lone target it missed, NOAA was off by only one percent.

Early Warnings Provided for Historic 2008 Midwestern Flooding

Heavy rains triggered widespread flash flooding in Missouri and Iowa in June 2008. The existence of antecedent wet soils during the spring, resulting from prior heavy winter precipitation including unusually heavy winter snows in the upper Midwest, permitted NOAA to provide early warnings for flash floods. The March 20th spring outlook by NOAA's Advanced Hydrologic Prediction Service (AHPS) stated that "Major floods striking America's heartland this week offer a preview of the spring seasonal outlook. We expect rains and melting snow to bring more flooding this spring and Americans should be on high alert to flood conditions above-normal flood potential is evident in much of the Mississippi River basin, the Ohio River basin and the lower Missouri River basin..."



Improved Tornado Lead Time for the Super Tuesday Tornado Outbreaks

The February 5-6, 2008 tornado outbreak that swept across the southeast United States was anticipated by National Weather Service (NWS) forecasters several days in advance. NOAA's Storm Prediction Center began focusing on the possible affected areas six days prior to the event. The Storm Prediction Center continued emphasizing, refining, and enhancing the threat right through the event, ultimately issuing a high-risk warning for a large portion of a possible impacted area. The initial lead time allowed the Weather Forecast Offices (WFO) to gradually ramp up for severe weather operations and tailor their Hazardous Weather Outlooks to include the risk of severe weather and tornadoes as much as four days in advance. All of the offices were also in contact with emergency managers and media the morning of the event. All of the tornado fatalities occurred within the boundaries of



Tornado Watches and were preceded by Tornado Warnings. The average Storm Prediction Center Tornado Watch lead time to the first tornado within the watch was two hours. The preliminary average lead time for all verified Tornado Warnings from the WFOs evaluated during this event was 18 minutes, with a 17-minute preliminary average lead time for those warnings that covered deadly tornadoes. The national average lead time for Tornado Warnings for 2007 was 13 minutes.

NOAA Adds 270 Forecast Point Locations for Its AHPS

The AHPS is a new and essential component of NOAA's Climate, Water, and Weather Services. The service displays the magnitude and uncertainty of occurrence of floods or droughts, from hours to days and months, in advance. These new products will enable government agencies, private institutions, and individuals to make more informed decisions about risk-based policies and actions to mitigate the dangers posed by floods and droughts. During 2008, NWS implemented AHPS at 270 forecast locations for a total of 2,219 points in the United States, expanding AHPS locations in all regions of the Nation. This brings AHPS to almost 55 percent completion. As implemented, AHPS will produce new information with better predictions of river height and flood potential to reduce loss of life and property, deliver high-resolution visually oriented products to provide partners and customers valuable river information for decision-making, and leverage NOAA investments in observational systems and atmospheric models to enhance accuracy and resolution of river forecasts.

NOAA Added a Real-Time Ocean Forecast System to Its Hurricane Weather Research and Forecast (HWRF) System

NOAA has focused HWRF model upgrades on improving hurricane intensity forecasts. Better use of the National Hurricane Center's information on storm strength and vertical characteristics in initializing the hurricane core circulation in the HWRF has led to a 75 percent reduction of a weak storm bias at the initial time and a reduction of as much as 60 percent for the day four forecasts. An improved treatment of the model diffusion and numerics over topography has also contributed to improved HWRF forecasts, although to a lesser extent. In preparation for the 2008 hurricane season and this implementation, careful testing of these upgrades have shown over a 26 percent improvement in the three, four, and five-day forecasts of the HWRF intensity forecasts.

Successful Transition of Experimental Winter Weather Desk Products into Operations

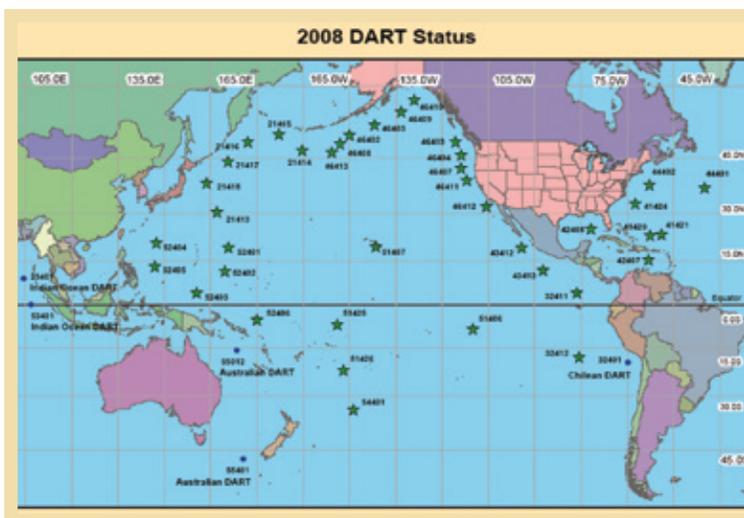
The Hydrometeorological Prediction Center (HPC) Winter Weather Desk issues products regarding heavy snow and icing. These products provide support to the NWS winter weather watch/warning/outlook program. Forecasts for the contiguous United States are routinely issued from September 15 to May 15. Graphical forecasts are issued twice daily at 4:00 AM/PM EST, although updates may be warranted by rapidly changing conditions. Over the past six winter weather seasons, HPC worked with the NWS regional offices and field offices to develop guidance products to assist the WFOs in improving winter weather forecast products and services to the public. The products from the HPC each winter evolved as new techniques were developed.



Initially, all of the HPC winter weather products were labeled "experimental" since this enabled the HPC program to be flexible and to respond to requests as quickly as possible. This flexibility allowed HPC to develop and enhance a number of forecast techniques. HPC curtailed other efforts when they were not deemed useful by its partners. The product suite has been stable with only small changes over the past two years. Therefore, HPC felt it was stable enough to declare the products operational, meaning the products would not change without advance notification of the proposed change to its internal partners and external customers who could comment on the proposed changes if they desired. The Winter Weather Desk products have improved the collaboration among the field offices because the product suite gives them a single starting point for collaboration rather than a multitude of models and ensemble information.

NOAA Increases the Number of Recognized "TsunamiReady" Communities from 41 to 58 and Completes the U.S. Tsunami Detection Network

During FY 2008, NOAA increased the number of recognized "TsunamiReady" communities from 41 to 58. To be recognized as TsunamiReady, local communities need to establish a 24-hour Warning Point and Emergency Operations Center, have the ability to disseminate tsunami warnings, possess a formal Tsunami Hazard Plan, and run a proactive community tsunami awareness program. In addition, communities must ensure multiple ways to receive tsunami warnings; designate tsunami evacuation areas and evacuation route with appropriate signage; establish a system that monitors environmental conditions locally; and partner with NOAA in the promotion of public readiness and response through workshops, education materials, and by conducting routine emergency exercises. In late March 2008, NOAA deployed the final two tsunami detection buoys in the South Pacific, completing the U.S. tsunami buoy detection network in support of the U.S. tsunami warning system. In response to the December 2004 Indian Ocean Tsunami, NOAA has placed Deep-ocean Assessment and Reporting of Tsunami (DART II) stations at sites in regions with a history of generating destructive tsunamis to ensure early detection of tsunamis and to acquire data critical to real-time forecasts.



NOAA completed the original six-buoy experimental array in 2001 and expanded to a full operational network of 39 stations in March 2008. DART station 52406 represented the 39th and final successful establishment of the planned U.S. DART stations to strengthen the U.S. Tsunami Warning System meeting full operational capability. Station 32412 (Southeast Pacific Ocean) completed the process of filling the gap in coverage for seismic events occurring along the west coast of South America. Prior to this station, the only station covering this area was owned and operated by Chile (located 630 nautical miles southwest of Lima, Peru). NOAA's DART Network currently constitutes a critical element of the NOAA Tsunami Program. The Tsunami Program is part of a cooperative effort to save lives and protect property through hazard assessment, warning guidance, mitigation, research capabilities, and international coordination.

NOAA Distributes 182,000 NOAA Weather Radios

In FY 2008, NOAA distributed more than 182,000 NOAA Weather Radio All Hazards to preschools, Head Start programs, K-12 nonpublic schools and nonpublic school central offices, K-12 school district offices, and post-secondary schools across the Nation. The radios sound an alarm to alert school personnel about hazardous weather and other emergencies, even when other means of communication are disabled. These radios provide alerts and safety steps on a wide range of emergencies—from an approaching tornado, a telephone outage disrupting 9-1-1 emergency services, local roads overrun by flash floods, a derailed train posing a hazardous material threat, or the urgent need to be on the lookout for an abducted child. The program also encourages school officials, emergency managers, human service providers, and Citizen Corps Councils across the country to partner and align their efforts with local emergency plans to build overall community preparedness. By coordinating with their local emergency managers and Citizen Corps Council, schools also can obtain technical and other assistance to improve their school safety plans and other emergency preparedness efforts.

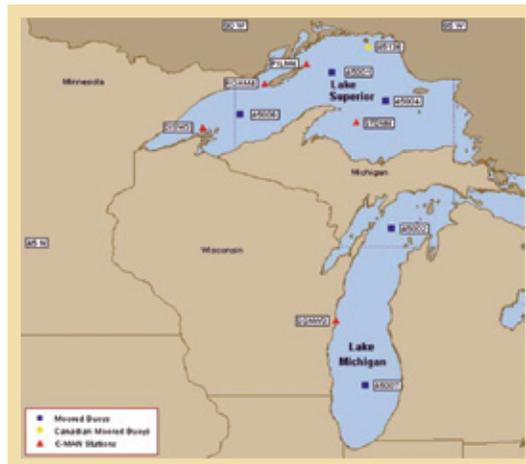
New Heat Health/Warning System (HHWS) Implemented

NWS successfully implemented one HHWS and upgraded one existing system during FY 2008, meeting their Excessive Heat Warning Program's milestone for the year. A system for Detroit, MI, was developed and implemented in May 2008. The San Francisco/San Jose, CA, system that was implemented during FY 2007 was modified to better account for varying terrain and climate across the forecast area. This brings the total number of HHWSs to 20, covering 30 cities. These systems provide valuable guidance forecasts of excessive heat conditions that can adversely affect human health and endanger life. The forecasters use this additional guidance tool to assist in their forecast decision-making process.



Implemented Segmented Great Lakes Open Lake Forecast

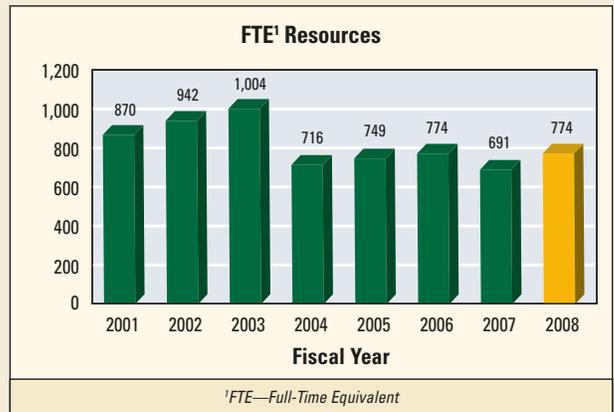
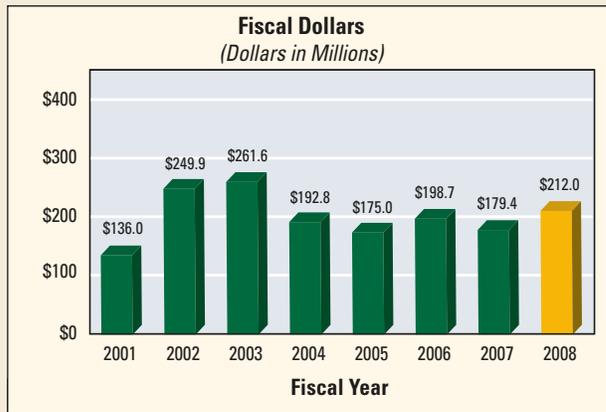
On October 2, NWS implemented improvements to the delivery of marine forecast services for the Great Lakes. The Open Lake Forecast products were transitioned into a segmented format that enables easier parsing and distribution of information. The new segmented format allows WFOs to be more geographically specific in these forecasts. In addition, the Open Lake Forecasts are now more consistent with the Great Lakes Nearshore forecasts in terms of format and information presentation. This service improvement applies to all of the Great Lakes and involves marine services from the WFOs in Buffalo, NY; Cleveland, OH; Chicago, IL; Detroit, MI; and Marquette, MI.



STRATEGIC OBJECTIVE 3.4

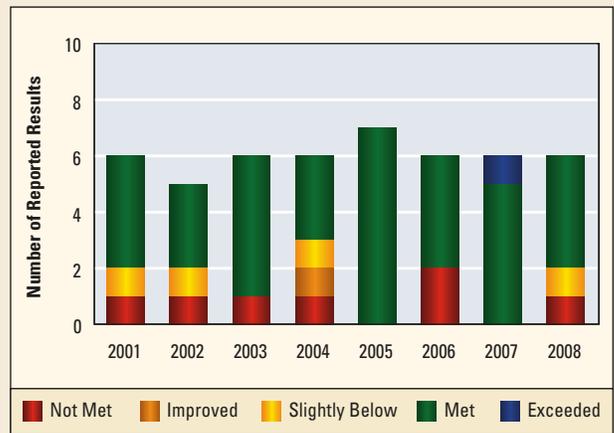
Support safe, efficient, and environmentally sound commercial navigation

STRATEGIC OBJECTIVE 3.4 TOTAL RESOURCES



U.S. transportation systems are economic lifelines for the Nation. As U.S. dependence on surface and air transportation grows over the next 20 years, and as maritime trade doubles, better navigation and weather information provided by NOAA will be critical to protect lives, cargo, and the environment. For example, better aviation weather information could significantly reduce the \$4 billion lost through economic inefficiencies as a result of weather-related air traffic delays. Improved surface forecasts and specific user warnings would likely reduce the 7,000 weather-related fatalities and 800,000 injuries annually from vehicle crashes.

STRATEGIC OBJECTIVE 3.4 PERFORMANCE RESULTS



See Appendix A: Performance and Resource Tables for individual reported results.

PERFORMANCE MEASURE (NOAA)	TARGET	ACTUAL	STATUS
Hydrographic survey backlog within navigationally significant areas (square nautical miles surveyed per year)	2,500	2,127	Not Met
Percentage of U.S. counties rated as fully enabled or substantially enabled with accurate positioning capacity	60.0%	60.2%	Met
Marine wind speed accuracy (%)	68%	72%	Met
Marine wave height accuracy (%)	73%	76%	Met
Aviation forecast accuracy of ceiling/visibility (3 mile/1,000 feet or less) (%)	63%	62%	Slightly Below
Aviation forecast FAR for ceiling/visibility (3 mile/1,000 feet or less) (%)	44%	39%	Met

RESULTS

NOAA met four of the six targets. It missed the target for "Aviation forecast accuracy" by only one percent, surveying 85 percent of its targeted 2,500 miles.

Improved Aviation Weather Forecasting Capabilities at Center Weather Service Units (CWSU)

NWS began an initiative to improve aviation weather services for the Federal Aviation Administration (FAA). Each year NWS prepares and provides approximately four million forecasts for the aviation community, primarily through the CWSU program. In response to the FAA's request for improved services, the NWS CWSU Improvement Program will deliver new Advanced Weather Interactive Processing System (AWIPS) Remote Display (ARD) capabilities for the aviation weather forecasts. Additionally, NWS will provide advanced communications and forecast presentation software and technology, and improve collaboration between the WFOs and the CWSUs in order to enhance the consistency of cross-product forecasts. NOAA's long-term goal is to increase the accuracy of aviation forecasts to 80 percent. According to FAA, two-thirds of current weather delays are preventable. A 10 percent reduction in delays translates to a savings of \$600 million per year.

Efforts initiated by NOAA's Aviation Weather Program have also led to a dramatic reduction in the false alarm rate (FAR) for NWS aviation forecasts of ceiling and visibility lower than Instrument Flight Rules (IFR) minimums. Target FAR for FY 2008 is 44 percent, but performance for the first three quarters is significantly better, at 36 percent. This performance improvement can be attributed to a number of efforts, including forecast training courses, forecaster education efforts to increase awareness of aviation needs, and the development of semi-automated tools to assist the forecasters in the production of Terminal Aerodrome Forecasts.

New Version of Geographic Information System Web Mapping Portal Released

The Office of Coast Survey released a new version of NowCOAST (<http://nowcoast.noaa.gov>), a Geographic Information System-based Web mapping portal that provides users with near real-time coastal environmental information, including gridded weather forecasts and high-resolution global sea surface temperature analyses. Designed to be a planning aid to assist recreational and commercial mariners, emergency managers, coastal managers, hazardous materials (HAZMAT) responders, coastal ocean modelers, and marine educators, the new version allows users to view regularly-updated gridded weather forecasts from the NWS National Digital Forecast Database (NDFD) for the contiguous United States and displays NDFD forecasts of surface wind velocity, significant wave height, relative humidity, quantitative precipitation, and maximum/minimum air temperatures.

NOAA Promoting Safety in the Gulf Region

One of NOAA's central missions is to promote public safety and preparedness. This past year, NOAA responded to a series of requests from the U.S. Army Corps of Engineers and U.S. Coast Guard near some of the Nation's busiest ports to locate potential dangers to marine navigation along the Gulf Coast. NOAA found a World War II-era German torpedo with over 600 pounds of high explosives; a large sunken wreck near Pensacola, FL; and a floating pipeline located in South Plaquemines Parish in Louisiana.

Comprehensive Shoreline Data Now Available from One Internet Site

Accurate, accessible shoreline information and data has never been more important, as sea level rise in the coming decades is expected to bring unprecedented challenges to coastal communities worldwide. For the first time, shoreline data and related information from NOAA and other federal agencies is now available from one Web site, the NOAA Shoreline Web site. Local and state officials use this information to predict sea level rise, establish setback lines, and do a multitude of ocean and coastal

community planning tasks. Also on the site are sections devoted to frequently asked questions, common uses of shoreline data, shoreline terms, and references. The Web site is a culmination of efforts of NOAA and several offices within the National Ocean Service (NOS), including NOAA's Coastal Services Center, National Geodetic Survey (NGS), Office of Coast Survey, Special Projects Office, and OCRM.

NOAA Expanded Physical Oceanographic Real-Time Systems (PORTS®)

NOAA's PORTS® program expanded to four new locations at Pascagoula, MS, Gulfport, MS, Sabine-Neches, TX, and Cherry Point, OR; and enhancements were made to existing PORTS® such as the addition of an air gap sensor on the Verrazano-Narrows Bridge as part of the New York/New Jersey PORTS®. These PORTS® are positioned to provide significant safety and economic benefits. For example, the Cherry Point PORTS® provided real-time data to assist in vessel traffic management at their dock and to support decision-making regarding the safety and efficacy of deploying oil spill containment booms around tank vessels during oil transfer activities. Observation systems at the ports of Pascagoula and Gulfport will assist the state with safely and efficiently moving commodities through its waterways contributing to \$1.4 billion to the state economy, representing almost three percent of the gross state product, and including some 34,000 direct and indirect jobs paying \$765 million in wages and salaries.

NOAA Conducts Major Current Meter Surveys in Southeast Alaska and Florida

NOAA's Center for Operational Oceanographic Products and Services' (CO-OPS) National Current Observation Program conducted several major tidal current surveys in FY 2008 in response to user requests. The data collected will help update tidal current predictions critical to safe navigation. In FY 2008, the largest current meter survey undertaken in recent history was successfully completed as 50 acoustic Doppler current profilers were deployed in the vicinity of Juneau, AK. NOAA has been collecting data in southeast Alaska since 2001 to update the vast amount of tidal current predictions included in the U.S. Tidal Current Tables. NOAA also conducted current surveys in Saint Andrews Bay located within Port of Panama City and along the east coast of Florida in Miami Harbor. The project originated in 2007 after requests for up-to-date current information were received from multiple navigational community and marine resource users. The Saint Andrews Bay current survey project supports navigation and the operation of deep draft vessels in the area, and additionally benefits various state and federal agencies, including the U.S. Coast Guard, U.S. Army Corps of Engineers, and the St. Andrew Bay Pilots Association.

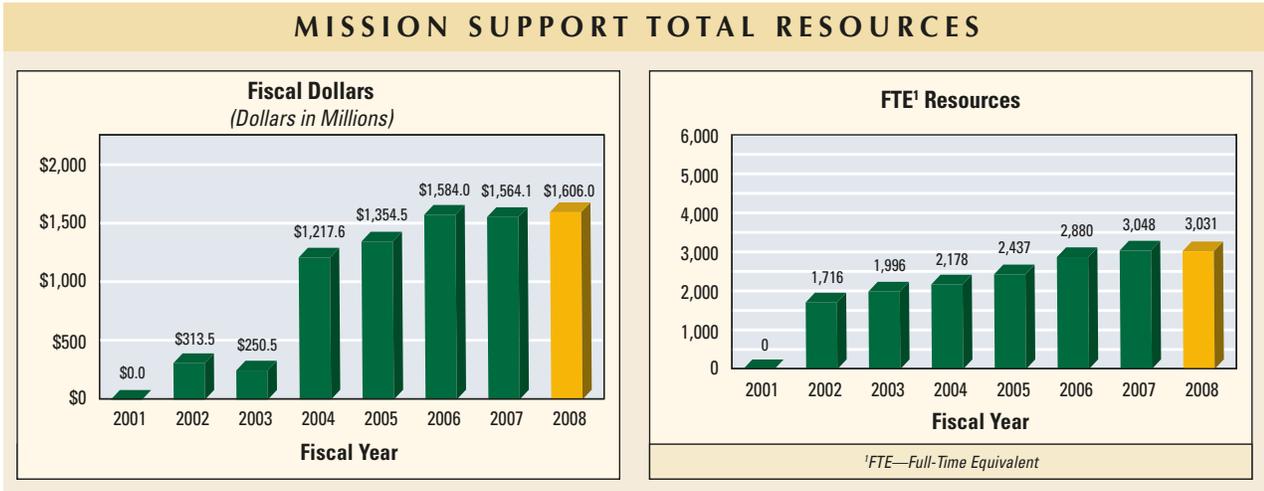
NGS Releases Enhanced Online Positioning User Service (OPUS)

NOAA's NGS released a new version of its popular OPUS in February 2008. OPUS-Rapid Static (OPUS-RS), designed in partnership with the Ohio State University, enables users to receive an OPUS Solution by submitting as little as 15 minutes' worth of dual frequency global positioning system (GPS) data to NGS via the Web. OPUS-RS saves time and money as compared to standard OPUS which requires at least two hours' worth of GPS data (OPUS-RS results are less accurate than standard OPUS). NGS expects that OPUS-RS usage will exceed OPUS usage by a factor of ten.

Since 2002, OPUS has transformed the way that GPS users across the country and world can obtain highly accurate positioned coordinates. OPUS allows users, such as professional surveyors, to submit their GPS observations to NOAA, where the data are processed to determine corresponding three-dimensional positional coordinates. Each OPUS solution is estimated to save the user \$600 over traditional positioning methods. There have been over 500,000 OPUS solutions processed since the service began operating.

MISSION SUPPORT OBJECTIVE

Provide critical support for NOAA's mission



There are no Government Performance Results Act (GPRA) measures for the Mission Support objective, since the activities of this objective support the outcomes of the Mission objectives. NOAA is developing new and improving existing internal management performance measures for the Mission Support objective.

Jason-2 Launched from Vandenberg Air Force Base

On June 20, 2008, the Ocean Surface Topography Mission (OSTM)/Jason-2 spacecraft launched from the Vandenberg Air Force Base. OSTM/Jason-2 is an international effort between NOAA, the National Aeronautics and Space Administration (NASA), France's Centre National d'Etudes Spatiales (CNES), and the European Organization for the Exploitation of Meteorological Satellites (EUMETSAT).

The OSTM/Jason-2 satellite will monitor the rate of sea-level rise and help measure the strength of hurricanes. NOAA will use data from the OSTM/Jason-2 to extend a 15-year record from its predecessor missions Topex/Poseidon and Jason-1, which show that sea level is rising at a rate of 3.4 millimeters per year—nearly twice as fast as in the previous 100 years. If this rate of sea-level rise continues, it will have a large impact on coastal regions, causing more erosion and flooding.

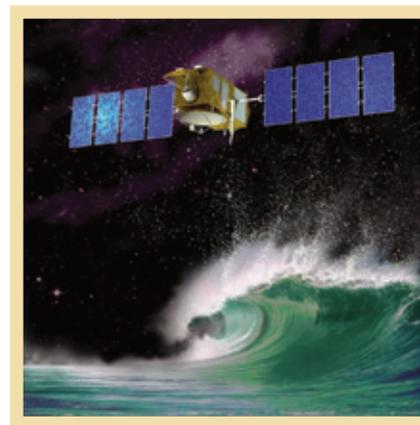
OSTM/Jason-2 will also be used to help scientists predict short-term, severe weather events, such as hurricanes and tropical storms that are fueled by heat energy stored in the upper layer of the ocean. For example, Katrina grew explosively to a Category 5 hurricane as it crossed over an area of anomalously high heat energy in the Gulf of Mexico, visible to the Jason-1 altimeter as an area of high sea surface elevation. NOAA scientists have shown that hurricane intensity predictions can be improved as much as 96 hours into the future using altimeter observations to identify these regions.



Climate Sensors Restored on Next Generation Environmental Satellites

The National Polar-orbiting Operational Environmental Satellite System (NPOESS) Tri-Agency Executive Committee remanifested two key climate sensors, one on the NPOESS Preparatory Project satellite and one on the first NPOESS satellite. The measurements provided by these two sensors will help scientists to better understand the natural and human causes of climate change.

The Clouds and Earth Radiant Energy System (CERES) instrument will be flown on the NPOESS Preparatory Project, the precursor mission for NPOESS. CERES measurements will shed light on how clouds influence the Earth's energy balance and the role they play in regulating climate. The Total Solar Irradiance Sensor (TSIS), a sensor critical to monitoring global climate, will fly on the first NPOESS spacecraft. TSIS will measure the total amount of solar energy coming into the Earth's atmosphere, a fundamental element in understanding climate change.

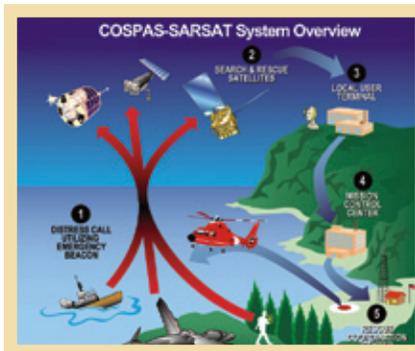


Polar-orbiting satellites are able to monitor the entire planet and provide data for long-range weather and climate forecasts. NOAA and NASA, in partnership with the Office of Science and Technology Policy, continue to analyze a range of future satellite missions to provide climate measurement continuity. NPOESS will replace the current generation of civilian and military weather satellites as they reach the end of their useful lives. The NPOESS program, which was restructured in FY 2007, will increase the timeliness and accuracy of severe weather event forecasts. Under the new plan, the first NPOESS spacecraft will begin to collect data on Earth's weather, atmosphere, oceans, land, and near-space environment in 2013.



NOAA Satellites Help Save 264 People in 2008

NOAA's polar-orbiting and geostationary satellites, along with Russia's COSPAS spacecraft, are part of the international Search and Rescue Satellite-Aided Tracking System (SARSAT), called COSPAS-SARSAT. In 2007, a record 353 people were rescued from potentially life-threatening emergencies thanks to COSPAS-SARSAT. As of August 8, 2008, this system aided in the rescue of 264 people in the United States.



The high-tech COSPAS-SARSAT system uses a network of satellites to quickly detect and locate distress signals from emergency beacons on board aircraft and boats and from handheld personal locator beacons. Now in its 26th year of operation, this system has been credited with more than 25,000 rescues worldwide, including more than 6,000 in the United States and its surrounding waters.

NOAA Commissions the First Federal Ship Dedicated Solely to Exploring the Ocean

On August 13, 2008, senior federal officials in Seattle, WA, commissioned OKEANOS EXPLORER, the first federal ship dedicated solely to exploring the ocean. A former U.S. Navy surveillance vessel, the ship was transferred to NOAA in 2004 and converted to perform ocean exploration. OKEANOS EXPLORER will use telepresence—satellite and high-speed Internet-based technology—to enable scientists on shore at any of five Exploration Command Centers to participate in and direct real-time exploration while viewing live images and other ocean data.

NOAA National Water Level Observation Network (NWLON) Enhanced by Hardening Stations to Withstand Hurricanes and Optimizing Meteorological Sensors

NOAA's CO-OPS constructed four NOAA "Sentinels of the Coast" at Shell Beach, LA, Bay Waveland, MS, Amerada Pass, LA, and Calcasieu Pass, LA. This effort resulted from NOAA's recognizing the critical need for accurate data at the height of severe storm events. NOAA Sentinels are water level observing stations which have been strengthened to deliver real-time storm tide data during severe coastal events. Built to withstand Category 4 hurricanes, these structures maintain an incredible presence, given their size and stature, along the Gulf Coast. NOAA Sentinels measure and disseminate real-time water level and meteorological observations. Also, NOAA began a two-year effort to add meteorological sensors to NWLON stations, with 25 stations being upgraded in FY 2008. The upgrades included the installation of wind, barometric pressure, and air temperature sensors, followed by data monitoring and validation of the data within the first couple weeks of data collection. NOAA water level and meteorological data have long been key components of coastal decision-making before, during, and after major storm events. This information is critical for developing vulnerability assessments, providing more accurate marine weather and flood forecasts, evacuation planning and execution, determining when to open and close locks, and facilitating the reopening of ports after storms pass.

STRATEGIES, PLANS, AND CHALLENGES FOR THE FUTURE

As the 21st century unfolds, new priorities for NOAA action are emerging in the areas of climate change, freshwater supply, and ecosystem management. In recent years, extreme drought and flooding conditions in large regions of the Nation have combined to make improved water resources prediction an urgent requirement for the Department's future weather and climate mission.

Objective 3.1: Protect, restore, and manage the use of coastal and ocean resources

Consistent with the U.S. Ocean Action Plan and U.S. Commission on Ocean Policy Report, the Department has adopted an ecosystem approach to management that will evolve over time in collaboration with its partners. The Department uses several strategies in the NOAA strategic plan to carry out this approach.

- Engage and collaborate with the Department's partners to achieve regional objectives by delineating regional ecosystems, promoting partnerships at the ecosystem level, and implementing cooperative strategies to improve regional ecosystem health.
- Manage uses of ecosystems by applying scientifically sound observations, assessments, and research findings to ensure the sustainable use of resources and to balance competing uses of coastal and marine ecosystems.
- Improve resource management by advancing the Department's understanding of ecosystems through better simulation and predictive models.
- Build and advance the capabilities of an ecological component of the NOAA global environmental observing system to monitor, assess, and predict national and regional ecosystem health, as well as to gather information consistent with established social and economic indicators.
- Develop coordinated regional and national outreach and education efforts to improve public understanding and involvement in stewardship of coastal and marine ecosystems.
- Engage in technological and scientific exchange with the Department's domestic and international partners to protect, restore, and manage marine resources within and beyond the Nation's borders.

NOAA is implementing the call by its stakeholders to move towards an ecosystem approach to managing uses of coastal and marine resources. NOAA is integrating the application of its multiple ecosystem mandates in partnership with universities; industry; NGOs; and local, state, and federal agencies by developing and implementing ecosystem approaches to management of coastal and marine resources.

NOAA is seeking improved understanding of ecosystems; identification of regional ecosystems; development of ecosystem health indicators; and new methods of governance to establish the necessary knowledge, tools, and capabilities to fully implement ecosystem approaches to managing coastal, ocean, and Great Lakes resources.

The Department will continue to address the challenges associated with delivering timely and accurate ecosystem data, information, and forecasts to stakeholders in useful formats. Ecosystem approaches to management will be an area of intense focus. Tradeoffs to address the highest priorities must continue to be made to achieve the right balance among NOAA's core natural resource and coastal management responsibilities with new and emerging needs. Navigating increasingly complex and, at times, competing missions will be a test of NOAA's ability to effectively manage ecosystems using new tools in the years to come. NOAA will face challenges in developing unique and useful relationships with academia, nongovernmental, and private-sector partners to satisfy a large and growing demand for credible, science-based information products and management as it carries out its responsibilities across Great Lakes, coastal, and marine ecosystems.

Objective 3.2: Advance understanding of climate variability and change

The Department utilizes several strategies identified in the five-year NOAA strategic plan to assist customers in better understanding the impacts of climate change and variability. Like weather, improved climate information can have a profound impact on the economy, and the Department strives to ensure that reliable, unbiased climate information is available for informed and reasoned decision-making. Strategies to achieve this end state include:

- Develop an integrated global observation and data management system for routine delivery of information, including attribution of the state of the climate.
- Document and understand changes in climate forcings and feedbacks, thereby reducing uncertainty in climate projections.
- Improve skill of climate predictions and projections and increase range of applicability for management and policy decisions.
- Understand impacts of climate variability and change on marine ecosystems to improve management of marine ecosystems.
- Enhance NOAA's operational decision support tools to provide climate services for national socioeconomic benefits.

NOAA will continue to strive toward an integrated approach in the provision of environmental information and modeling as described in the climate-related aspects of the U.S. Integrated Earth Observation System (IEOS) Strategic Plan. In response to the Ocean Research Priorities Plan, NOAA will enhance its ocean focus to provide understanding of climate impacts on ecosystems. These focus areas will increase the progress of the Climate Goal to integrate observations, data management, and modeling, as well as provide a new suite of environmental products and services.

NOAA's challenge will be to continue to improve critical services to the Nation, including (1) advancing science to improve water resource forecasting and service delivery; (2) improving NOAA's tsunami detection, warning, and mitigation capabilities and expanding its scope from the Pacific to the Atlantic and Caribbean; (3) conducting research to yield improvements in the accuracy of one-day to two-week high-impact weather forecasts; (4) improving international efforts to address medium range forecasting and climate variability; (5) expanding ozone air quality forecast to the rest of the Nation; and (6) improving operational atmospheric, ocean, and coastal modeling capabilities.

Society will continue to face major challenges in which the influence of climate will be a fundamental factor. Reducing climate-related uncertainties in policy and decision-making can be valued at more than \$100 billion for the United States alone, and relatively small increases in accuracy can yield substantial benefits. In the next five years and beyond, NOAA's climate priorities and outcomes will lead to science-based climate information services as envisioned by the U.S. CCSP and as needed to meet NOAA's commitments to deliver climate information services to the Nation.

Objective 3.3: Provide accurate and timely weather and water information

The Department utilizes several strategies, identified in the five-year NOAA strategic plan, to improve accuracy and timeliness of weather and water information. Improved weather and water information can have a profound impact on the economy. The Department strives to ensure that reliable, accurate, and timely weather and water information is available for informed and reasoned decision-making. Strategies to achieve this end state include:

- Improve the reliability, lead-time, and understanding of weather and water information and services that predict changes in environmental conditions.
- Integrate an information enterprise that incorporates all stages from research to delivery, seeks better coordination of employee skills and training, and engages customers.
- Develop and infuse research results and new technologies more efficiently to improve products and services, to streamline dissemination, and to communicate vital information more effectively.
- Build a broad-based and coordinated education and outreach program by engaging individuals in continuous learning toward a greater understanding of the impacts of weather and water on their lives.
- Employ scientific and emerging technological capabilities to advance decision support services and to educate stakeholders.
- Work with universities, industry, and national and international agencies to create and leverage partnerships that foster more effective information services.

NOAA must continue to refine its Earth observing architecture and data management infrastructure in order to increase its capacity to meet the information requirements of NOAA's four mission objectives. NOAA's mission objectives are directly related to the "nine societal benefit areas" identified by the intergovernmental Global Earth Observatory (GEO) and the U.S. GEO (USGEO). As such, NOAA will continue to be an active participant on both the USGEO, which is charged with developing the U.S. Integrated Surface Observing System (ISOS), and the GEO, which is developing the Global Earth Observation System of Systems (GEOSS).

One of NOAA's top priorities is to effectively and efficiently deliver information and services to customers when they need it and in standardized formats. NOAA strives to support a safer, healthier, and economically stronger United States through reliable, timely, and accurate weather and water information. NOAA-wide information such as all-hazards warnings and a wide range of environmental information from an expanding customer base must be available in digital formats with the necessary supporting infrastructure.

Objective 3.4: Support safe, efficient, and environmentally sound commercial navigation

The Department helps transportation information users and stakeholders reach their goals with the following strategies identified in the five-year NOAA strategic plan:

- Expand and enhance advanced technology monitoring and observing systems, such as weather and oceanographic observations; hydrographic surveys; and precise positioning coordinates, to provide accurate, up-to-date information.
- Develop and apply new technologies, methods, and models to increase the capabilities, efficiencies, and accuracy of transportation-related products and services.
- Develop and implement sophisticated assessment and prediction capabilities to support decisions on aviation, marine, and surface navigation efficiencies; coastal resource management; and transportation system management, operations, and planning.
- Build public understanding of the technology involved and the role of the environment in commerce and transportation.

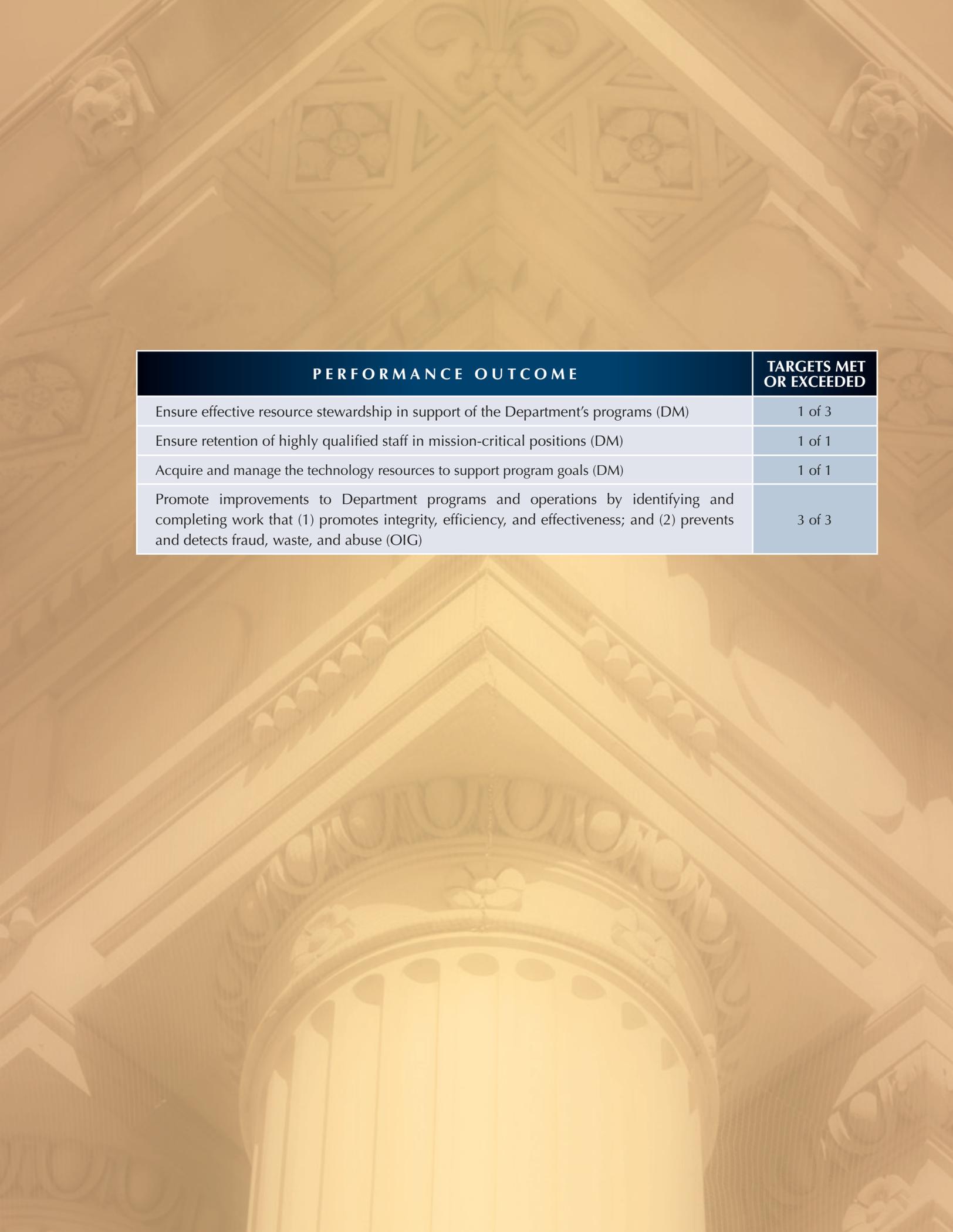
In the future, NOAA plans to enhance the intermodal transportation network by improving available products and services and investing in transportation-related observing systems. For example, NOAA will continue to build and maintain its suite of electronic navigational charts (ENC) to supply commercial and recreational mariners with the digital navigation data they need to navigate safely in the 21st century. Additionally, NOAA will focus on equipping all 195 NWLON stations with real-time operational capability at the top 175 U.S. seaports. Enhanced ice forecasts and refinements to aviation, marine, and surface weather predictions will also contribute to NOAA's role in saving lives, property, and critical infrastructure. NOAA will continue to survey and chart U.S. waters, maintain the highly accurate positioning infrastructure the Nation relies on each day, support Satellite Search and Rescue incidents, respond to HAZMAT events, and support U.S. national interests in commercial remote sensing licensing. It is through these and other important activities that NOAA strives to improve and deliver information crucial to safe and efficient transportation.

The Department's response to addressing the transportation challenges facing the Nation include building on the foundation of expertise, research, and technology development to deliver the information, tools, and services essential to safe, efficient, and environmentally sound transport on water, land, and in the air. Impacts to the system, particularly at vulnerable choke points, affect transit time, delivery reliability, efficiency, cost of goods transported, and the environment. To improve service delivery, NOAA consults with its stakeholders to identify valid user needs that cannot be met with existing information; enhance products that support transportation systems; work with partners to conduct research and development in weather, modeling, and geopositioning; and improve the translation of research into operational value. NOAA must also focus on connecting and strengthening its observations systems that gather data for transportation information.



MANAGEMENT INTEGRATION GOAL





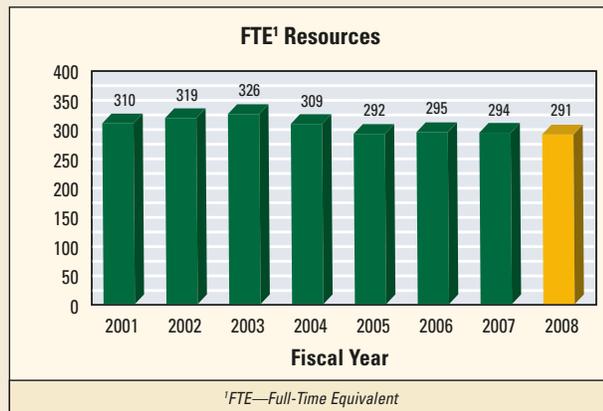
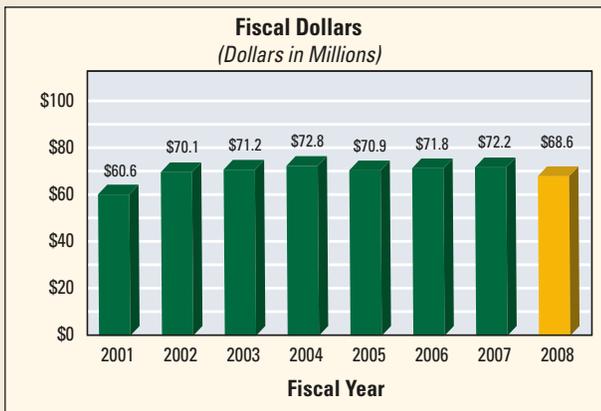
PERFORMANCE OUTCOME	TARGETS MET OR EXCEEDED
Ensure effective resource stewardship in support of the Department's programs (DM)	1 of 3
Ensure retention of highly qualified staff in mission-critical positions (DM)	1 of 1
Acquire and manage the technology resources to support program goals (DM)	1 of 1
Promote improvements to Department programs and operations by identifying and completing work that (1) promotes integrity, efficiency, and effectiveness; and (2) prevents and detects fraud, waste, and abuse (OIG)	3 of 3



MANAGEMENT INTEGRATION GOAL

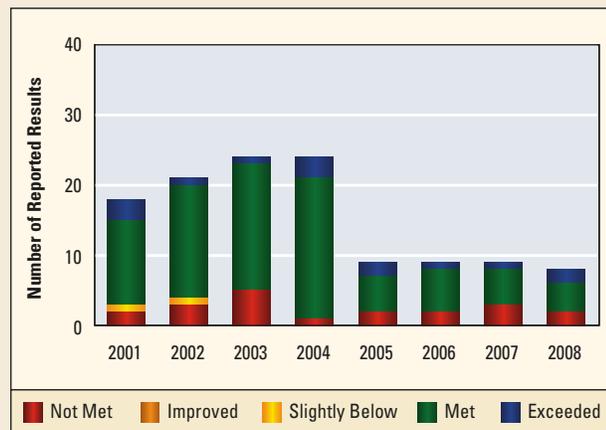
Achieve organizational and management excellence

MANAGEMENT INTEGRATION GOAL TOTAL RESOURCES



Achieving organizational and management excellence is a goal that requires extensive interaction and coordination among entities throughout the Department. Departmental Management (DM)—consisting of the Offices of the Secretary (OS), Deputy Secretary, Chief Financial Officer (CFO) and Assistant Secretary for Administration, Chief Information Officer (CIO), and General Counsel—provides the policies and guidelines that support the management infrastructure the Department needs to carry out its mission. In addition, the Office of Inspector General (OIG) audit and inspection programs help promote consistency and integrity throughout the Department. Most of DM's and the OIG's work can be characterized as "behind-the-scenes," contributing to the efficiency with which operating units throughout the Department administer their programs.

MANAGEMENT INTEGRATION GOAL PERFORMANCE RESULTS



See Appendix A: Performance and Resource Tables for individual reported results.

Performance Outcome: Ensure effective resource stewardship in support of the Department's programs (DM)

The Department must have the capacity to do business with the public and its partner agencies, both as a more than \$6 billion worldwide enterprise, and as an integrated set of individual programs. This requires that it identify, adopt, and maintain business practices essential to successful operations; use its resources wisely; and effectively implement the laws that affect it. In order to ensure the accomplishment of its mission, the Department has developed and put into place policies and programs designed to enable the successful operation of its units, the effective and efficient use of both material and human resources (HR), and the implementation of laws and regulations that govern the use of those resources. This performance outcome represents the Department's commitment to ensuring the wise stewardship of its resources. Because this goal encompasses a wide range of administrative and operational tasks, the measures used to assess progress are highly diverse.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Provide accurate and timely financial information and conform to federal standards, laws, and regulations governing accounting and financial management	Eliminate any significant deficiency within 1 year of determination. Complete FY 2008 A-123 assessment of internal controls.	The Department closed 70 percent of prior year financial systems audit findings; completed FY 2008 A-123 assessment of internal controls for financial reporting; significant deficiency was not eliminated	Not Met
Effectively use commercial services management	Use business process re-engineering, feasibility studies and/or similar initiatives to identify operational efficiency and effectiveness opportunities	Completed several feasibility studies in FY 2008 and planned several more for FY 2009	Met
Obligate funds through performance-based contracting (% of eligible service contracting \$)	50%	28%	Not Met

RESULTS

DM did not meet the target for "Provide accurate and timely financial information....," because it did not eliminate its significant deficiency concerning consolidated IT controls. There are several prior year findings unrelated to the Commerce Business System (CBS) Consolidation that cannot be addressed in the short-term due to resource and infrastructure constraints. The CIO/CFO team continues to actively monitor issues and resolve any outstanding corrective actions. While the majority of the prior year financial systems findings were closed, it was expected that several more of the prior year findings would have been closed as a result of the CBS Consolidation Project to consolidate the Department's financial management servers (hardware and software) at the Census Data Center (CDC) in Bowie, MD. However, in February 2008, the project was disbanded due to the CDC's inability to host the systems because of the Census Bureau's need to absorb decennial systems. In addition, there are several other prior year findings unrelated to CBS consolidation that cannot be addressed in the short-term due to resource and infrastructure constraints. The CIO/CFO team continues to actively monitor issues and resolve any outstanding corrective actions. DM also did not meet the target for the percentage of funds obligated through performance-based contracting. The Commerce Information Technology Solutions (COMMITTS) program (all performance-based contracts) was transferred to the General Services Administration (GSA), reducing the Department's base. Limitations within procurement infrastructure, e.g., significant turnover, made it difficult to reach the target. The Department intends to make correct coding in the Federal Procurement Data System-Next Generation (FPDS-NG) an element in performance appraisals for contract specialists.

Among the DM accomplishments in FY 2008 are:

- To ensure required information technology (IT) security controls are operating as intended, the Department is implementing the Office of Management and Budget (OMB) mandated Information System Security Line of Business (ISSLoB) Federal Information Security Management Act (FISMA) tool to automate certification and accreditation (C&A) standards and security reporting.
- Conducted an annual IT internal control review for all 14 Department operating units as an effort to continuously monitor security improvements. The review was comprised of FISMA, Federal Financial Management Improvement Act (FFMIA), and Federal Managers' Financial Integrity Act (FMFIA) control requirements.
- Continued to participate in the government-wide initiative to strengthen internal controls. While revisions to the government-wide guidance contained in OMB Circular A-123 focus on financial controls, efforts are under way to enhance both financial and non-financial controls. A Senior Management Council (SMC) and a Senior Assessment Team (SAT) worked together to provide oversight guidance and decision-making for the A-123 process.
- On its FY 2008 financial statements, the Department received an unqualified audit opinion for the tenth consecutive year.

Performance Outcome: Ensure retention of highly qualified staff in mission-critical positions (DM)

The Department continues to refine and develop programs to help train and retain a highly qualified workforce and avoid disruption in services it provides. Leadership priorities for improvement are based on employee feedback to surveys, various skills assessments, and comprehensive workforce analyses. The results of the 2007 Commerce Annual Employee Survey reveal that while performance management systems are effective in rewarding high performers, more targeted approaches are necessary to close skill gaps in the entire workforce. Training and development programs are based on competency assessments for mission-critical occupations such as meteorologist, statistician, acquisition, engineer, and chemist.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Acquire and maintain diverse and highly qualified staff in mission-critical occupations	Have new competency models in place for 3 mission-critical occupations for use in applicant selections and training and development decisions. Meet or exceed the 45-day hiring goals mandated by OPM.	Exceeded the target by delivering a total of 4 competency models for the Economist, Acquisition, Mathematical Statistician, and Chemist series. Exceeded the OPM 45-day time-to-hire standard with an average fill time of 31 days for non-SES vacancies.	Exceeded

RESULTS

Among the DM accomplishments in FY 2008 are:

- Expanded implementation of multi-tier performance appraisal system to produce the result of 88 percent of the Department's full-time equivalents (FTE) on multi-tier systems. The Department achieved the required standards

for organizational alignment, measurable results, credible measures, meaningful distinctions in performance, and consequences for performance.

- Exceeded the required federal government-wide standards for the design, implementation, and results of agency performance management programs by earning a score of 87 points from the Office of Personnel Management (OPM) on the submitted Performance Appraisal Assessment Tool Report. The Department was one of only 10 federal agencies that received a passing score of 80 points or higher.
- Consolidated three HR servicing offices located in the Herbert C. Hoover Building (HCHB) into a single HCHB HR Operations Center that combined HR servicing offices from the International Trade Administration (ITA), the OS, and the Economic Development Administration (EDA). The overall results achieved from the consolidation are: providing optimal service delivery and consistency to clients, providing clients efficient access to HR services, eliminating supervisory layers, and managing and leveraging government operating costs efficiently.
- Administered the *2007 Commerce Annual Employee Survey* to the entire workforce and achieved an overall response rate of 57 percent. Leadership priorities for improvement are based on the results on the survey, including: (1) formulating, refining, and executing strategies to attract and retain a high-performing workforce; (2) promoting effective performance management practices; and (3) ensuring effective and ongoing bureau-level communication from top management to line managers to the entire workforce.
- Conducted comprehensive human capital assessment and accountability audits of six organizational units at the bureau level, in conjunction with OPM evaluators, to determine compliance with merit principles. Findings from the accountability audits are being tracked to ensure corrective actions are taken and continuous improvements are made to the human capital management systems throughout the Department.

Performance Outcome: Acquire and manage the technology resources to support program goals (DM)

As U.S. society becomes increasingly oriented toward using electronic means of communication and information dissemination, federal agencies must ensure that they continue to be as responsive as possible to the needs of the public, the private sector, other levels of government, and other federal agencies. DM must promote leading-edge technologies, collaboration, and technology transformation across the Department, ensuring alignment with mission requirements, goals, and objectives in order to deploy and maintain systems able to perform at the highest levels.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Improve the management of information technology	Cost/schedule overruns/ performance shortfalls less than 10%. All national critical and mission-critical systems certified and accredited with acceptable, quality documentation in place.	Cost/schedule overruns/ performance shortfalls less than 10%. All national critical and mission-critical systems certified and accredited with acceptable, quality documentation in place.	Met

RESULTS

Among the DM accomplishments in FY 2008 are:

- Continued implementation of the OMB mandated ISSLoB FISMA tool to automate C&A standards and security reporting.
- Conducted four security awareness training sessions specifically designed for authorizing officials and system owners.
- Conducted an annual IT internal control review for all 14 Department operating units. The review addressed FISMA, FFMIA, and FMFIA control requirements.
- Implemented a cyber intrusion prevention system for monitoring and reporting IT security violations at the HCHB. As a result of this continuous monitoring, the Department detected malicious cyber attacks and implemented corrective actions to mitigate potential threats.
- Developed a Trusted Internet Connection (TIC) implementation approach, which directs all operating unit Internet traffic to run through one of six planned Department TIC Access Provider portals.
- Developed solid business cases for major IT investments. In support of the Commerce IT Review Board, the business cases ensure that IT funds are managed and invested wisely.
- Achieved, on average, within five percent of cost, schedule, and performance targets for the Department's major IT investments.
- Prepared Privacy Impact Assessments, including procedures to log and verify extracts of sensitive information, and posted them to the Web. These assessments document for the public the Department's commitment to IT privacy.
- Met major milestones for and benefitted from OMB's E-Government Initiatives and Lines of Business (LoB). These initiatives are critical for providing services to citizens in an electronic world and increasing efficiency within and between federal agencies.
- Continued to define a blueprint for IT investments, offering a tool to ensure that IT investments are developed following sound directions and plans.

Performance Outcome: Promote improvements to Department programs and operations by identifying and completing work that (1) promotes integrity, efficiency, and effectiveness; and (2) prevents and detects fraud, waste, and abuse (OIG)

OIG criminal, civil, and administrative investigations continue to disclose instances of misconduct by employees, contractors, and grantees that threaten the integrity of the Department's programs and operations. In addition, auditors or inspectors frequently identify investigative issues, such as fraud and conflicts of interest, and refer such matters to OIG investigators.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Percentage of OIG recommendations accepted by Departmental and bureau management	95%	100%	Met
Dollar value of financial benefits identified by the OIG	\$28.0M	\$113.0M	Exceeded
Percentage of criminal and civil matters that are accepted for prosecution	63%	73%	Met

RESULTS

The OIG met or exceeded all of its targets.

Almost all the OIG's recommendations made were accepted by senior Agency leadership; implementation of these recommendations will result in significant improvements to the Department's operations. OIG inspections and audits also captured significant financial benefits for the Department, including recovery of funds returned to the Department, expenditures that were not supported by adequate documentation, recoveries from criminal and civil investigations, future financial benefits from recommendations for more efficient use of Department funds, and expenditure of funds that may have been inconsistent with applicable laws and regulations.

STRATEGIES, PLANS, AND CHALLENGES FOR THE FUTURE

The Department has undertaken a number of initiatives to meet the many management challenges it faces, some of which are described below.

- **Competitive Contracting**

The Department will continue to focus efforts on ensuring that maximum competition is sought for acquisitions. The Department ranks the third highest in competitive acquisitions across the government (at 81 percent, compared to the Department of Energy (DOE) which has the highest percentage—85 percent—of dollars obligated competitively).

- **Improving Information Security**

The Department will continue to enhance the protection afforded its information systems and data. The Department's IT and security policies and requirements reflect federal standards and best practices for security controls, evaluation, accreditation, and contingency planning. By carefully planning how the Department prioritizes its IT funds—ensuring that it has a cohesive and well-constructed enterprise architecture, trained personnel, and safeguards over the confidentiality, integrity, and availability of the Department's sensitive information—DM can provide the IT support the Department needs to carry out its missions. The Department installed encryption software on laptop computers in 2007, and enabled secure remote access with two-factor authentication in 2008. To enhance security management in the next year, the Department plans to complete the implementation of the OMB Information System Security Line of Business (ISSLoB) FISMA tool. The new tool will provide enhanced data integrity, audit trail, policy enforcement, and work-flow, and reduce the number of data calls issued to the Department operating units.

- **Preparing for Emergencies**

The Department continues to aggressively improve emergency preparedness, safety, and security of Departmental personnel and facilities. Certain facilities require cyclical and anti-terrorism risk assessments. In the current four-year cycle, anti-terrorism risk assessments based on criticality, threat, and vulnerability have been conducted for 461 of 744 Department facilities. In FY 2008, bureau managers implemented countermeasures and the Anti-Terrorism Risk Index was reduced (risk methodology validated by the American Society for Industrial Security in 2004). The Department continued an annual self-assessment program for its owned and leased facilities in order to complement the 371 cyclical reviews of Occupant Emergency Plans (OEP) that have been completed thus far in the current four-year cycle. This fiscal year, the Department undertook an effort to re-evaluate its primary mission essential functions necessary to support Continuity of Operations and Continuity of Government responsibilities via a Department-wide exercise. The Department also continues to improve Continuity of Operations Plans (COOP) preparedness with monthly working group meetings and in-depth reviews of COOP plans.

● Future Workforce Requirements

The Department will continue to be challenged in the years ahead to cope with significant changes in the way the government hires and compensates its civilian workforce. Flexible approaches to recruiting and employee pay that are based on employee performance represent challenges that, if adopted and implemented with care, are likely to result in a more competent, satisfied, and successful workforce. The Department is already, in some organizations, preparing for the potential overhaul of HR activities through its demonstration projects which highlight pay for performance. The Department will seek approaches to implementation of changes in HR management that will help it compete with private sector employers to recruit a diverse, highly specialized, and increasingly technical workforce.

As demands for higher productivity and service levels grow, the Department frequently must adjust program operations to meet evolving needs while facing funding limitations. Smooth and sound integration of program demands, performance results, and budget realities will continue to be an objective and a challenge of the Department. As part of its efforts to achieve maximum effectiveness and efficiency of operations, the Department will continue to encourage employees to report any instances of waste, fraud, and abuse to the OIG for subsequent investigation and resolution.

Managing its programs from within aging physical facilities and ensuring the safety and security of staff, information, and customers is a challenge the Department plans to meet through modernization efforts which will satisfy technical, scientific, and safety and security requirements.

The growing technological orientation of its work and a highly competitive market challenge the Department's managers to attract and retain high quality workers. The Department must employ the right people in the right jobs at the right time while assuring that its workforce is representative of the Nation's population. Identification of competencies for mission-critical occupations will help the Department to perfect workable succession plans, and maintaining an ambitious fill-time with the help of automated rating tools will enable the Department to replace mission-critical employees expeditiously.

Information security, critical infrastructure protection, and privacy are among the Department's most important challenges, as the Department, and society in general, depend more and more on electronic communication. The Department puts a high priority on these issues to ensure that its systems, data, products, and services are protected; privacy is maintained; and operations continue unaffected by potential attempts at disruption. The Department also focuses attention on challenges resulting from the increasing use of the World Wide Web to provide data and information to citizens and businesses in the Department's program areas, and to support transaction-oriented e-government that offers efficiencies for both Departmental operations and the Department's customers.

The Department will continue to improve its security policies, programs, and initiatives so that its response to threats to personnel, assets, and operations is swift and effective.

